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Daily Report

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CONTENTS

25 June 1992

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Foreign Ministry Holds Weekly News Briefing	1
Prison Labor Agreement Reported [XINHUA]	1
British 'Protest' Denied [XINHUA]	1
Vice Foreign Minister UK Tour Confirmed [AFP]	1
Hanoi Objections to Oil Project Rejected [AFP]	2
Massacre in South Africa Condemned [XINHUA]	2
Bosnia-Herzegovina To Be Recognized [XINHUA]	2
Armenian Vice President To Visit [XINHUA]	2
New Israeli Government Viewed [XINHUA]	3
Asia-Pacific Economic Cooperation Meeting Ends [XINHUA]	3
Li Peng Meets Outgoing, Incoming Ambassadors [XINHUA]	3

United States & Canada

U.S. 'Double Standards' on Human Rights Reported [Hong Kong TA KUNG PAO 24 Jun] ...	3
U.S. Firms Reportedly To Increase Investments [XINHUA]	4

Southeast Asia & Pacific

Yang Shangkun Greets Sihanouk on National Day [Beijing International]	5
Stability Said Priority for Philippines' Ramos [XINHUA]	5
'News Analysis' on Australian Economic Recovery [XINHUA]	6

Near East & South Asia

Vice Premier Zhu Rongji Meets Egyptian Minister [XINHUA]	7
Joint Egyptian Economy, Trade Committee Meets [XINHUA]	7
Tunisian Envoy Comments on Relations [XINHUA]	7
'News Analysis' Views Labor Victory in Israel [XINHUA]	8

West Europe

Central Bank President Interviewed in UK [Hong Kong TA KUNG PAO 19 Jun]	9
'Special Article' Examines British Relations [Hong Kong WEN WEI PO 24 Jun]	10
Germany Abolishes Export Restrictions [XINHUA]	11
Li Lanqing Signs Agreements With Greek Minister [XINHUA]	11
Li Peng Meets Former French Minister [XINHUA]	12

Latin America & Caribbean

Bolivian Delegation Meets NPC's Wang Hanbin [XINHUA]	12
Meets Wan Li, Zhu Rongji [XINHUA]	12

Ecuadorian Delegation Meets NPC's Ni Zhifu [XINHUA]	12
Meets Song Ping [XINHUA]	12
Chinese Tractors To Be Assembled in Venezuela [XINHUA]	13

NATIONAL AFFAIRS

Political & Social

Guangdong Circulates 'Less Censored' Deng Paper [Hong Kong THE STANDARD 25 Jun] ..	14
Shanghai Paper Publishes Deng Remarks on Reform [ZHONGGUO XINWEN SHE]	14
Leadership Offspring 'Do Business' in SEZs [Hong Kong MING PAO 22 Jun]	14
Deng Said 'Poised To Promote' Zhao Ziyang [Hong Kong SOUTH CHINA MORNING POST 25 Jun]	15
4 'Leftists' Not Elected CPC Congress Deputies [Hong Kong SOUTH CHINA MORNING POST 25 Jun]	16
Reportage of Li Xiannian Death Continues	16
Comrades Mourn Li Xiannian [XINHUA]	16
Comparison of Li Xiannian Obituary	16
Columnist Views 'Eight Immortals' [Hong Kong SOUTH CHINA MORNING POST 24 Jun]	17
Shenzhen Legislator Addresses NPC Committee [XINHUA]	18
Reportage Views CPPCC Session Activities	19
Chen Jinhua Discusses Economic Reform [XINHUA]	19
Guangdong Governor Delivers Report [XINHUA]	20
CPPCC Work Forum of Eight Provinces Held [Jinan Radio]	21
Wang Fang Attends Drug Book Publication Ceremony [XINHUA]	21
Shanghai Paper Views Socialism, Capitalism [ZHONGGUO XINWEN SHE]	22

Science & Technology

Jiang Zemin Commends Satellite Tracking Station [XINJIANG RIBAO 16 May]	22
Zou Jiahua Urges Integrated Circuit Development [Hong Kong CHING-CHI TAO-PAO 15 Jun] ..	23
Wang Bingqian Pledges More Funds for Science [XINHUA]	23
Hubei's Xiangfan Sets Up Development Zone [XINHUA]	23
295 Maritime Satellite Mobile Stations Built [XINHUA]	24
Further Report [XINHUA]	24
Surveyors Use Satellites To Build Ground Network [XINHUA]	24
Commercial Satellite Network Takes Shape [Beijing Radio]	25
Satellite Communications Development Progress [XINHUA]	25
Research on Critical Bloch Line Temperature Noted [XINHUA]	25
Progress Reported in Quantum Optics Research [XINHUA]	26
English-Chinese Translation Machine Developed [Beijing TV]	26

Military

Jiang Zemin Issues Rules on PLA Documents [XINHUA]	27
Mao Zedong's Militia Instruction Commemorated	27
Hainan Governor Addresses Conference [Haikou Radio]	27
Guizhou Secretary Addresses Ceremony [Guiyang Radio]	28
Jiangxi Military Commander Comments [Jiangxi Radio]	28
Gansu Secretary, Others Inspect Militia [Lanzhou Radio]	29
Jiang Chunyun Attends Events [Jinan Radio]	29
Shanghai Fetes Militia Development [JIEFANG RIBAO 19 Jun]	29

Economic & Agricultural

Land Sales Allowed for Real Estate Market Growth [AFP]	30
Land Bureau Director Answers Questions on Reform [XINHUA]	30
State Land Administration Bureau Holds Seminar [RENMIN RIBAO 17 Jun]	32
Finance Ministry Revises Taxes in Housing Reform [XINHUA]	32
Statistics Bureau Official Views Growth Rate [JINGJI RIBAO 3 Jun]	33

Economist Sees Tertiary Industry as 'New Pillar' [CHINA DAILY 24 Jun]	35
Article Compares 1980's, 1990's Reform Strategy [JINGJI CANKAO BAO 2 Jun]	36

REGIONAL AFFAIRS

East Region

Southern Fujian 'Economic Corridor' Takes Shape [ZHONGGUO TONGXUN SHE]	39
Xiamen Police Arrest Taiwan Drug Traffickers [FAZHI RIBAO 4 Jun]	39
Jiangsu City Develops Rural Industrial Districts [XINHUA]	39
Shandong Holds Provincial Procuratorial Meeting [Jinan Radio]	40
Shandong Holds Conference on Combating Drought [Jinan Radio]	40
Shandong Session on Dealing Blows to Prostitution [Jinan Radio]	41
Ma Zhongcai Inspects Qilu Petrochemical Company [Jinan Radio]	41
Shanghai Cadres Attend Study Class on Reform [JIEFANG RIBAO 20 Jun]	42
Shanghai To Open Joint Venture Banks [CHINA DAILY 25 Jun]	43

Central-South Region

Guangdong Secretary Inspects Zhuhai Projects [Guangzhou Radio]	44
Guangzhou Sets Up Over 100 Firms Outside Border [ZHONGGUO TONGXUN SHE]	44
Guangxi Secretary Addresses Regional Congress [Nanning Radio]	45
Guangxi Narcotics Seizures, Arrests Reported [XINHUA]	45
Electronics Official at Hainan Ground Breaking [Haikou Radio]	46
Construction Equipment Arrives in Hainan's Yangpu [XINHUA]	46
Grave Robber Executed in Hunnan Capital [ZHONGGUO TONGXUN SHE]	46

North Region

Revenue of Beijing Towns, Townships Increases [XINHUA]	46
Beijing Deputy Mayor on Foreign Language Campaign [XINHUA]	47
Tianjin Mayor Discusses Development Strategies [XINHUA]	47
Tianjin Joint Venture Protects Trademark [XINHUA]	48
Qinhuangdao, Tianjin Said To Speed Development [Hong Kong TA KUNG PAO 22 Jun]	48

Northeast Region

Hunchun Given Provincial-Level Economic Authority [Hong Kong TA KUNG PAO 24 Jun]	49
Liaoning Minority Economies Steadily Increasing [XINHUA]	50
Liaoning Economic Management Reform Forum Ends [Shenyang Radio]	50

PRC MEDIA ON TAIWAN AFFAIRS

'Rapid Growth' in Cross-Strait Economic Ties [LIAOWANG OVERSEAS EDITION 1 Jun]	51
Development of Cross-Strait Relations Encouraged [LIAOWANG OVERSEAS EDITION 15 Jun]	53

TAIWAN

S. African Leaders Urged To Save Negotiations [CNA]	56
Taipei To Establish Representation in Russia [CNA]	56
Russian Government Approves Officers' Visit [CNA]	56
Russian Admiral Sidorov Predicts Stronger Ties [CNA]	56
Survey Shows Businessmen Harassed in Malaysia [CNA]	57
Businessmen, Scholars, Others To Visit Mainland [CNA]	57

HONG KONG & MACAO

Hong Kong

Foreign Ministry Spokesman Comments on Hong Kong	58
Killed Version [XINHUA]	58

Replacement Version [XINHUA]	58
Legco 'Narrowly' Defeats Call for More Democracy [SOUTH CHINA MORNING POST 25 Jun]	58
TA KUNG PAO Editorial on Exco Appointments [25 Jun]	59
Hong Kong Official Stresses Mainland Familiarity [XINHUA]	60

General

Foreign Ministry Holds Weekly News Briefing

Prison Labor Agreement Reported

OW2506095292 Beijing XINHUA in English
0943 GMT 25 Jun 92

[Text] Beijing, June 25 (XINHUA)—China and the United States have recently reached an initial agreement on banning import and export of prison labor products, a Chinese Foreign Ministry spokesman said here today.

A memorandum of understanding to this effect is expected to be signed soon, which will help the growth of Sino-U.S. trade, the spokesman said at a weekly press conference here this afternoon, when asked whether the agreement will indicate the settlement of the prison labor products issue between the two countries.

"After many rounds of friendly consultations," the spokesman said, "The Chinese and American negotiating groups have initially reached agreement on the memorandum of understanding concerning the prohibition of export and import of prison labor products between the two countries, which is yet to be approved by the two governments."

"China and the United States have their own regulations and laws concerning the prohibition of import and export of prison labor products, and the signing of such a memorandum on this issue sometime soon will promote the development of normal Sino-U.S. bilateral trade," the spokesman said.

British 'Protest' Denied

OW2506105492 Beijing XINHUA in English
1041 GMT 25 Jun 92

[Text] Beijing, June 25 (XINHUA)—A Chinese Foreign Ministry spokesman today refuted rumors that the British Foreign Ministry had lodged a "protest" against the Chinese ambassador to Britain.

The spokesman, Wu Jianmin, was speaking at a weekly press conference here this afternoon, when asked whether a British Foreign Ministry official had lodged a protest and demanded China should not interfere in Hong Kong affairs.

"As far as I know," Wu said, "The Chinese ambassador to Britain has not received the so called 'protest' lodged by any British Foreign Ministry official."

The Chinese Government has always been strictly implementing the Sino-British joint declaration, he noted. According to relevant stipulations in the joint declaration, he added, the Chinese side has the right and responsibility to make its position known concerning the smooth transition and transfer of power in Hong Kong.

Also at the press conference, Wu confirmed reports that Chinese Vice Foreign Minister Jiang Enzhu will visit

London early next month, saying this had long been agreed between the two countries.

During the visit, Jiang will exchange views with the British side on international issues of mutual concern and bilateral relations, including the Hong Kong issue, Wu said.

Vice Foreign Minister UK Tour Confirmed

HK2506100692 Hong Kong AFP in English
0945 GMT 25 June 92

[Text] Beijing, June 25 (AFP)—China is to send a senior diplomat to London in early July to discuss nagging differences over the British colony of Hong Kong, the foreign ministry said Thursday.

Vice Foreign Minister Jiang Enzhu will go to London on July 6 to discuss matters of common concern "including the Hong Kong issue," ministry spokesman Wu Jianmin told reporters.

Sino-British tensions have worsened over the financing of the construction of a new airport for Hong Kong and a dispute relating to how much say Beijing should have in the British colony's affairs before it reverts to Chinese sovereignty in 1997.

"So long as the Chinese and British sides enhance consultations and cooperation strictly according to the Sino-British Joint Declaration and the memorandum of understanding, questions that crop up can be settled properly," the spokesman said.

He was referring to the 1984 agreement that paved the way for Hong Kong's return to Chinese rule and an accord signed last year aimed at ending disagreement over the colony's multi-million dollar port and airport complex.

China has not yet given its approval to the financing of the plan, which is vital if private backers are to be found.

Wu also repeated China's rejection of British complaints that Beijing was interfering too much in Hong Kong's affairs. The dispute centers on remarks by Guo Fengmin, Beijing's delegate to the Sino-British Joint Liaison Group that is tasked with ensuring a smooth transfer in 1997.

The British foreign office summoned the Chinese ambassador Friday to protest Guo's remarks that members of a Hong Kong pro-democracy political party should be banned from executive posts in the colonial government.

"According to the Sino-British Joint Declaration, the senior representative of the Chinese side ... has the right and responsibility to make known his position concerning the transition of Hong Kong in 1997," Wu said.

Hanoi Objections to Oil Project Rejected*HK2506083392 Hong Kong AFP in English
0706 GMT 25 June 92*

[Text] Beijing, June 25 (AFP)—China on Thursday rejected Vietnamese objections over a Sino-U.S. contract to explore for oil around the disputed Spratly islands.

"The oil contract between China and the United States is a matter that falls within the scope of China's sovereignty, so it is irreproachable," a foreign ministry spokesman said.

The statement suggested that China would go through with its contract with the Denver, Colorado-based Crestone Energy Corp. to explore for petroleum within what Hanoi says is its territorial waters.

The Vietnamese Army newspaper said Monday that the contract was "clearly a violation of the continental shelf of Vietnam and a grave violation of international maritime law."

"How can such an act fail to raise the indignation of the Vietnamese people?" the Quan Doi Nhan Dan asked.

The issue of the "Vanguard 21" oil exploration block, which lies between the disputed Spratly archipelago and the southern Vietnamese coast, is the most serious dispute to arise since Vietnam and China normalized relations in November.

The Vietnamese newspaper said coordinates of the 15,000 square kilometer (9,500 square mile) concession extended to within its 200-mile (320-kilometer) territorial limit.

But China has used its claim on the Spratly islands to justify leasing the oil concession.

The Spratlys lie in the South China Sea and are also claimed in whole or in part by Vietnam, Brunei, Malaysia, the Philippines and Taiwan.

China and Vietnam fought a brief naval battle in 1988 when China posted troops on some of the Spratlys.

Massacre in South Africa Condemned*OW2506103392 Beijing XINHUA in English
1023 GMT 25 Jun 92*

[Text] Beijing, June 25 (XINHUA)—A Chinese Foreign Ministry spokesman today condemned the recent massacre in South Africa and the attempts to disrupt the peace process there.

The spokesman made the remarks at a weekly press conference here this afternoon, when asked to comment on the recent deteriorating situation in South Africa.

At least 40 people were reportedly killed in the massacre, which took place on June 17 in a black community in

Johannesburg. The police of South Africa were involved in the massacre, according to a leader of the African National Congress (ANC).

"We were shocked at the massacre that took place on June 17, and condemn the massacre and the attempts to disrupt the peace process in South Africa," the spokesman said.

People hope that the South African Government will listen earnestly to the views and demands of the ANC and other parties concerned and make concrete efforts to break the deadlock as soon as possible so as to resume the peace negotiation, he said.

Bosnia-Herzegovina To Be Recognized*OW2506090692 Beijing XINHUA in English
0853 GMT 25 Jun 92*

[Text] Beijing, June 25 (XINHUA)—China will recognize the republic of Bosnia-Herzegovina at an appropriate time, a Chinese Foreign Ministry spokesman said here today.

Spokesman Wu Jianmin made the announcement at a weekly press conference this afternoon, when asked about the reported on-going visit to China by Foreign Minister Haris Silajdzic of Bosnia-Herzegovina.

The spokesman confirmed that Silajdzic came to China for an unofficial visit on June 24 as guest of the Chinese People's Institute of Foreign Affairs.

During the talks, the spokesman continued, the visiting foreign minister briefed the Chinese side on the present situation in Bosnia-Herzegovina, and expressed the hope to gain China's recognition at an early date.

"The Chinese side voiced the hope to see peace and stability return to Bosnia-Herzegovina soon," Wu said, adding that China is willing to maintain and develop the traditional friendly relations with the people of Bosnia-Herzegovina.

China will recognize Bosnia-Herzegovina "at an appropriate time," the spokesman said.

Armenian Vice President To Visit*OW2506082492 Beijing XINHUA in English
0800 GMT 25 Jun 92*

[Text] Beijing, June 25 (XINHUA)—Gagik Garushevich Arutyunyan, vice-president and prime minister of the Republic of Armenia, will pay an official visit to China from July 2 to 6 at the invitation of Chinese Premier Li Peng.

This was announced by a Chinese Foreign Ministry spokesman at a weekly press conference here this afternoon.

New Israeli Government Viewed

OW2506091792 Beijing XINHUA in English
0910 GMT 25 Jun 92

[Text] Beijing, June 25 (XINHUA)—A Chinese Foreign Ministry spokesman said here today China hopes the new Israeli Government formed after the general election will adopt a "flexible and pragmatic" attitude in the Middle East peace process so as to facilitate an early realization of peace in the region.

The spokesman made the remarks, while commenting on the Israel Labor Party's winning the recent general election, at a weekly press conference here this afternoon.

Asia-Pacific Economic Cooperation Meeting Ends

OW2406114792 Beijing XINHUA in English
1129 GMT 24 Jun 92

[Text] Bangkok, June 24 (XINHUA)—The second Asia Pacific Economic Cooperation (APEC) senior officials' meeting was closed here this afternoon.

The meeting unanimously agreed to hold the fourth APEC ministerial meeting in Thailand on September 10-11.

The 15 delegations from 15 countries and regions, including China, the six ASEAN members, Australia, Japan, the United States, attended the meeting.

Leader of the Chinese delegation Wang Bauliu told reporters after the meeting that the meeting's aim is to prepare for the fourth APEC ministerial meeting.

He said the meeting discussed the problems about setting up of the APEC secretariat, its staff and its site.

The meeting also discussed what kind of budget APEC will receive, but no conclusion was reached, he said.

The meeting discussed the progress in APEC's work programs, and plans for cooperation in about a dozen subjects ranging from fisheries, expansion of investment technology transfer, marine resource conservation, problems of marine pollution in the APEC region to tourism, he said.

APEC comprises Thailand, the Philippines, Indonesia, Singapore, Malaysia, Brunei, Australia, New Zealand, Canada, the United States, Japan, South Korea, China, Taiwan and Hong Kong.

Li Peng Meets Outgoing, Incoming Ambassadors

OW2406130992 Beijing XINHUA in English
1242 GMT 24 Jun 92

[Text] Beijing, June 24 (XINHUA)—Chinese Premier Li Peng met with five outgoing and new ambassadors to China at the state guesthouse here this afternoon.

Those who will soon leave their posts are Swedish Ambassador Bjorn Ingvar Skala, Palestinian Ambassador Yusuf Rajab Radii, Algerian Ambassador Mourad Bencheikh and Bolivian Ambassador Carlos Bohrt.

Igor A. Rogachev is the newly appointed ambassador of the Russian Federation to China.

During the meeting, Li said China desires to continuously enhance its friendly relations and cooperation with Sweden, Palestine, Algeria and Bolivia.

Li told Rogachev that China and Russia are close neighbors and the friendship between the two peoples will last forever.

China is willing to further develop its good-neighborly relations with Russia on the basis of the Five Principles of Peaceful Co-existence, he added.

United States & Canada

U.S. 'Double Standards' on Human Rights Reported

HK2406114792 Hong Kong TA KUNG PAO
in Chinese 24 Jun 92 p 6

[Article by Fan Chu (5400 5282): "How Can There Be Human Rights and Rule of Law When One Can Drive People Into the Sea and Cross Borders To Kidnap People"]

[Text] American politicians have always liked to use "double standards." Since they use them so badly and are careless about the consequences, their actions often contradict their words and incur the world's ridicule.

As a matter of fact, the image of the United States itself is a prototype of double standards. On the one hand, it stresses "freedom, democracy, human rights, and rule of law" and is sanctimonious about and proud of this. On the other hand, it is fiendishly harsh and arrogant with others. With the words "World Cop" printed on its helmet, and with the clubs of "military interference" and "economic sanctions" in either hand, the United States makes a show of being ready to do whatever is necessary to "establish a new world order."

In recent years, following changes in the world situation, the United States has become more undisguised and more brazen in using "double standards." Therefore, people have naturally had an easier and deeper understanding of its true colors.

Let us look at the United States' double standards on "human rights" first.

The people of Hong Kong know this best. Has not the United States long opposed Hong Kong's repatriation of Vietnamese boat people in an overbearing manner and with seemingly reasonable rhetoric, using the two big banners of "respect for human rights" and "humanitarianism?" Who could imagine that President Bush, who always speaks about human rights and humanitarianism,

could go so far as to decree the mandatory repatriation of Haitian refugees and pursue the policy of immediate repatriation upon their arrest? Let us think of this: Politically speaking, Haiti has, after all, more political violence than Vietnam at the present time. After Haitian refugees have been repatriated, their lives are not guaranteed in the least. Under these circumstances, the United States, to everyone's surprise, lowered the "Caribbean Curtain" and shut the door of life on the Haiti refugees. By issuing the decree, the U.S. President seemed to have folded up the big banners of "respect for human rights" and "humanitarianism" and forgotten the unreasonable criticisms of and harsh demands on Hong Kong for its repatriation of Vietnamese boat people.

Economically speaking, Hong Kong is insignificantly small compared to the United States. Moreover, Hong Kong is incomparable to the United States, which is a superpower, in both financial and material resources. Now that a vast country like the United States feels that housing Haitian refugees is a big burden and will bring economic losses to itself, why did it unreasonably ask Hong Kong to house the Vietnamese boat people unconditionally? Furthermore, in formulating its policies, why does Hong Kong need the United States to give it directions and order it about.

This fact shows clearly that the United States says one thing and does the other. When the same thing happens to it, and when it conflicts with its interests, the United States will naturally put aside the moving theories and adopt "double standards!"

Second, let us look at the United States' double standards for the "rule of law."

The United States has always considered itself a good example of exercising the "rule of law." Ironically, no country has torn the "shame-covering cloth of the rule of law" into pieces more than the United States with its incidents of law violations.

The first example was the "Los Angeles incident," which has drawn world attention. At a time when U.S. politicians were using the "rule of law" to criticize other countries as they pleased, this vivid incident, which "very much conflicted with the rule of law," occurred in the United States. It amounted to the United States' heavily slapping its own face. "Everyone is equal before the law" and "the democratic society protects human rights" all became untenable. The world saw clearly on a video tape that a black man was kicked and hit with batons by several policemen. After the incident, the black man was confirmed to have been wounded in the head and to have broken ribs. However, to everyone's surprise, in the "opinion" of the judge and jurors, the white policemen did not violate the laws and they were set free with a verdict of not guilty. What sort of rule of law was that? God knows!

The second example, during his recent stopover in Panama where he stayed for four and a half hours,

President Bush met with a protest by local people. They shouted such slogans as "Bush is the murderer" and "Go Home, Yankees." This naturally invited suppression by the military police. Unfortunately, President Bush also suffered from the tear gas. The angry feelings of the Panamanians are totally understandable. Although small, Panama is a sovereign state. However, using the excuse that its president was a drug dealer, the United States outrageously used force against Panama, occupied it, and kidnapped Noriega. This caused injuries to and the deaths of nearly 500 innocent people and property losses totaling hundreds of millions of dollars. What sort of "rule of law" was that when it shut its eyes to the sovereignty and public property of a country and openly trampled on international law?

The third example, another scandal which conflicted with the rule of law, occurred in this so-called model which exercises the "rule of law." The U.S. Supreme Court unexpectedly handed down the decision that U.S. special agents kidnapping a Mexican doctor in Mexico and forcibly bringing him to the United States for trial was legitimate. It is said that the doctor is a suspect who murdered a U.S. drug enforcement personnel. The decision not only met with a strong protest from the Mexican Government but was censored by various countries around the world. Unexpectedly, despite the protests, the United States continued to do what it pleased by kidnapping another Mexican and bringing him to the United States. We see from this action that power politics has reached an unscrupulous limit. That was why Israel, its loyal ally, could not but make the remark that "what the United States wants is legitimate and what it does not want is illegitimate." That was a concise, comprehensive, and pertinent remark. If all other countries followed in its footsteps, then it would inevitably lead to a chaotic situation in which "law would become no law and country would become no country."

In view of this, it seems that people can draw the following conclusion: All superstructure is subject to the economic foundation and all ideologies are subject to national interests. Human rights and the rule of law are stressed so long as they are in the interests of a country but, when they are unfavorable to its interests, they will be thrown aside. Are not the U.S. "double standards" an actual and vivid example?

U.S. Firms Reportedly To Increase Investments

OW2406184992 Beijing XINHUA in English
1442 GMT 24 Jun 92

[Text] Hong Kong, June 24 (XINHUA)—About one-third of U.S. firms without a China presence plan to make an initial investment in the next five years, while more than two-thirds of those already there plan to expand.

Guangzhou and Shenzhen are the favored location and the chief investment motivation is China's domestic

market, especially for manufacturers, according to the results of a survey released by the American Chamber of Commerce in Hong Kong.

When asked about doing business in Guangdong Province, three out of four respondents cited "human resources" as the most favorable aspect, with favorable telecommunications links and transportation also frequently cited. Legal regulations, customs control, power supply and provincial officials were cited most frequently as negatives.

Releasing the results of the survey in a news release, the U.S. Chamber said, "U.S. firms are significantly more upbeat about China's five-year investment climate."

Organized by the Chamber's Trade and Investment Committee, the 1992 survey was conducted by Survey Research Hong Kong Ltd from April 6 to May 8 by mailing 1,049 questionnaires, which received a 39 percent response rate. Of the respondents, 76 percent were identified as U.S.-connected firms.

Southeast Asia & Pacific

Yang Shangkun Greets Sihanouk on National Day

BK2506051892 Beijing Radio Beijing
in Cambodian 1030 GMT 24 Jun 92

[Message of greetings to His Royal Highness [HRH] Prince Norodom Sihanouk from PRC President Yang Shangkun; dated 23 June—read by announcer]

[Text] To His Royal Highness [HRH] Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council [SNC] of Cambodia: On behalf of the Chinese Government and people and in my own name, I would like to convey the warmest greetings to Your Highness and, through you, to the Cambodian SNC and people on the occasion of Cambodia's national day.

Since the signing of the Paris peace accord on a comprehensive political settlement of the Cambodian problem, the SNC headed by Your Highness has cooperated with the UN Transitional Authority in Cambodia [UNTAC] in painstakingly and unrelentingly implementing the accord with a view to promoting the peace process. To resolve the Cambodian problem via a comprehensive political solution is in line with both the Cambodian people's fundamental interest and the preservation of peace and stability in the region. China pledges to join hands with the international community to continue actively striving to comprehensively and justly execute the Paris accord for the sake of Cambodia's restoration and reconstruction.

May the Cambodian people, under your leadership, achieve new, still greater successes in the process of implementing the Paris accord so as to enhance national

reconciliation and reconstruction. And may the traditional relations between the peoples of the two countries—China and Cambodia—strengthen and develop with each passing day.

[Signed] Yang Shangkun, PRC President.

[Dated] Beijing, 23 June 1992.

Stability Said Priority for Philippines' Ramos

OW2406150792 Beijing XINHUA in English
1449 GMT 24 Jun 92

[News Analysis by Xiong Changyi: "Political Stability Tops on Ramos Agenda"]

[Text] Manila, June 24 (XINHUA)—Philippine President-Elect Fidel Ramos has taken political stability as a top priority on his agenda when he announced the five programs for his first 100 days in office before his proclamation as the next president of the Philippines.

Ramos said he would focus his efforts on establishing greater political stability in a bid to create a favorable environment for investments and economic growth.

Since President Corazon Aquino came to power in February 1986, the Philippines has suffered a lot from political instability with the seven coup attempts and the country's economy has lagged behind other countries in the association of Southeast Asian nations.

The year 1991 saw the worst year under the Aquino administration with an economic decline of 0.05 percent due to a series of natural disasters.

However, the country's economy came out of the recession and showed an economic growth of 3.63 percent in the last quarter of 1991.

But, because of the serious power crisis, the economy only grew by 2.04 percent in the first three months of 1992.

Without political stability, the incoming Ramos administration will be unable to undertake an economic recovery program.

Over the past three weeks, Ramos has started implementing his first agenda by seeking out his political opponents in order to generate wide support and cooperation as well as build a consensus for a common national goal.

He continued to hold dialog and consultation with his own political leaders, followers and supporters and those in other political parties, asking them to contribute to a national development program that would help the country catch up with the other ASEAN countries.

Politically, Ramos has been swiftly moving to mend fences. The president-elect met with business tycoon Eduardo Cojuangco Jr. and former First Lady Imelda Marcos, his two rivals in the presidential race, who have offered their cooperation with him.

Ramos also waved an olive branch to former Agrarian Reform Secretary Miriam Defensor Santiago, who charged him with the alleged "wholesale electoral fraud" and asked the supreme court to stop the congress' proclamation for him to be the country's next president.

The supreme court rejected Santiago's petition to stop Ramos' proclamation by the congress Tuesday and unanimously ruled that Santiago's petition was already moot since a joint session of the congress had proclaimed Ramos the day before.

Meanwhile, Ramos has proposed a general amnesty program for anti-government forces to mark the start of his administration.

He has also met with influential religious leaders, like Manila Archbishop Jaime Cardinal Sin of the Roman Catholic Church and Bishop Erano Manalo of the Iglesia Ni Cristo, both of whom had supported his rivals in the presidential race.

It was reported that Ramos is expected to widen his political base in the next 100 days, talking to more local political leaders, both his supporters and opponents, to seek their support and cooperation.

He has also scheduled trips to provinces where he lost during the May 11 elections.

At one of his press briefings, Ramos said he did not intend to visit any foreign countries during his first 100 days in office as he would be busy building a consensus and redirecting the country's goals and objectives.

Judging from his actions, one Filipino columnist wrote that Ramos has assumed the role of a "healing president," the campaign line of House Speaker Ramon Mitra during the election campaign.

As a minority president, who won only about 24 percent of votes, Ramos has to go out of his ways to get the cooperation of his presidential rivals, for in the process, he will be gaining more popular support for his administration.

Meanwhile, Ramos' party, the Lakas Edsa-National Union of Christian Democrats, has a weak representation in the congress with only two seats in the Senate and 37 seats in the House of Representatives.

Therefore, the president-elect has to strengthen his position in the equal legislative branch to be able to get his programs going.

As "THE PHILIPPINE DAILY INQUIRER" said in its editorial, "it is understandable that Ramos put political stability on top of the list, because nothing much can be accomplished unless there is political stability."

"The lesson of the Aquino administration, which was buffeted by six coup attempts and military mutinies in its six years, is too recent to be forgotten," it added.

'News Analysis' on Australian Economic Recovery

OW2506101692 Beijing XINHUA in English
0647 GMT 25 Jun 92

["News Analysis" by Chen Xin: "Further Ease in Monetary Policy Likely To Push Australian Recovery"]

[Text] Canberra, June 25 (XINHUA)—As Australia's economic recovery remains weak, measures to further loosen monetary policy are likely to be adopted to speed up economic growth.

The gross domestic product (GDP) of Australia has showed a mild upturn for the past three consecutive quarters, after it plunged into negative growth during the economic recession from mid-1990.

However, overall business investment has kept at a low level, which accounts for insufficient job opportunities and a 10.6 percent post-war record of unemployment rate.

Economists here regard tight monetary policy during 1988-89 as a principal cause of the recession and consider the present weakness in economic growth a lagged effect of that.

The Australian economy entered a period of overheating from late 1987 when the government eased its monetary policy. Total private credit grew by over 20 percent annually and business borrowing expanded even more rapidly.

To combat price boom resulted from that, the Reserve Bank of Australia, the central bank, progressively tightened its monetary policy from mid-1988.

By mid-1989, nominal short-term interest rates reached a peak of around 18 percent, which deeply distressed business activities. Investment plans were cut, orders were reduced and consumer confidence dropped.

All those led to the recession since mid-1990 and the boom-bust cycle in non-dwelling investment worked as a key factor, economists said, but the authorities achieved its major goal of scaling down inflation.

The annual inflation rate has kept at 1.7 percent at present, the lowest among countries of the organization for economic cooperation and development.

However, economists said that for a healthy economy, the monetary policy should focus on the combination of promoting growth and controlling inflation.

The Reserve Bank of Australia has had to loosen its monetary policy since 1990 in a bid to stimulate investment and consumption. Interest rates have been lowered for 12 times to 6.5 percent now.

But, as consumer confidence and investment have been deeply affected by the worse-than-anticipated recession, the economy still lacks momentum under the situation of a weak demand.

At the same time, bank managers have been "excessively cautious" about lending, governor of the Reserve Bank Bernie Fraser said, adding that "that is to the detriment of both the borrower and the recovery".

The recovery has remained patchy and banks could do more to assist it, Fraser said.

Economists here believe that as the government and the central bank are eager to encourage investment for a quicker pace of recovery, another cut in interest rates seems most likely in the coming months.

Near East & South Asia

Vice Premier Zhu Rongji Meets Egyptian Minister

OW2406123692 Beijing XINHUA in English
1215 GMT 24 Jun 92

[Text] Beijing, June 24 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with an Egyptian governmental delegation led by Yusri 'Ali Mustafa, minister of economy and foreign trade, here this afternoon.

Zhu briefed the guests on China's current reform and opening to the outside world. The two sides also exchanged views on further expanding bilateral economic and trade relations.

The Egyptian delegation arrived here today to attend the first session of the Sino-Egyptian joint committee on economy and trade, which is scheduled to open tomorrow.

Joint Egyptian Economy, Trade Committee Meets

OW2506085392 Beijing XINHUA in English
0756 GMT 25 Jun 92

[Text] Beijing, June 24 (XINHUA)—The first session of the Sino-Egyptian joint committee on economy and trade was held here this morning.

Chinese Minister of Foreign Economic Relations and Trade Li Lanqing and Egyptian Minister of Economy and Foreign Trade Yusri Mustafa co-chaired today's meeting.

The two ministers briefed each other on foreign trade system reforms in their countries and exchanged views on further expanding bilateral economic and trade relations.

The Egyptian delegation arrived here yesterday.

Tunisian Envoy Comments on Relations

OW2506021792 Beijing XINHUA in English
0153 GMT 25 Jun 92

["Yang's Visit To Turn New Page in Relations: Tunisian Ambassador"—XINHUA headline]

[Text] Beijing, June 25 (XINHUA)—Tunisian Ambassador to China Mohamed Habib Kaabachi has noted that Chinese President Yang Shangkun's upcoming visit to Tunisia will "turn a new page in bilateral relations."

The ambassador said that the visit of Yang, just like the visit of Tunisian President Zine El Abidine Ben Ali to China last year, will be "of historical significance."

President Yang is scheduled to pay a state visit to Morocco, Tunisia and Ivory Coast from June 29 to July 11.

Habib Kaabachi said that the cooperative relations between Tunisia and China are based on the five principles of peaceful co-existence and are characterized by the principles of mutual respect, unity and mutual benefit.

He added that both countries believe that state-to-state relations should be dealt with in accordance with the principles of fairness, peace and equality.

As developing countries, he said, Tunisia and China, along with other developing nations, are working hard in an effort to establish a fair and reasonable new world order without racial discrimination against any country or people, and based on equal sovereignty, mutual understanding, peace, cooperation and development.

In dealing with international affairs, the ambassador said, Tunisia and China will make common efforts to define a complete concept of human rights for the developing countries—the rights to work, welfare, education, food and health care in addition to political, social and other economic rights.

Also, Kaabachi said, the two countries will continue to offer support to the just cause of the Palestinian people.

The ambassador noted that the relations between the Democratic Constitutional Assembly, Tunisia's ruling party, and the Communist Party of China are developing steadily. He said the constant exchanges of high-level visits between the two parties are a sign of this development.

Meanwhile, he said, the economic relations between the two countries have also witnessed a new development in recent years.

While expanding bilateral trade, the two countries, together with Kuwait, have established a joint venture in China's Qinhuangdao City—the Sino-Arab Fertilizer Company (La Societe Sino-Arabe des Engrais), Kaabachi said.

"We regard the company as an example of cooperation among developing countries, and Tunisia will try to make the company a model of south-south cooperation," the ambassador noted.

He said that the leaders of both Tunisia and China are willing to further strengthen cooperation, adding that

they will discuss issues concerning bilateral relations, and the regional and international situation during Yang's visit.

"It can be said that the mutually complementary cooperative relations between the two countries have great potential and broad prospects," the ambassador said.

'News Analysis' Views Labor Victory in Israel

OW2406214392 Beijing XINHUA in English
1456 GMT 24 Jun 92

["News Analysis: Growing Demand for Changes Catalyzes Labor to Election Victory"—XINHUA Headline]

[Text] Jerusalem, June 24 (XINHUA)—A growing demand for changes has led to the crushing defeat of Israel's Likud Party in parliamentary elections after a 15-year rule, and paved the way for the opposition Labor Party to come to power.

The Labor Party emerged as a sure winner in Tuesday's elections. It may have won 45 seats, leading Likud by an unexpected margin of 13 seats, early election returns indicated.

Although the victory did not give labor an absolute majority to form a government on its own, the party would not have much trouble in forming a coalition with smaller parties, like the leftwing Meretz, which got 12 seats, and one of the two seat-winning religious parties.

Under Israel's Electoral Law, the threshold for forming a government is 61 seats in the 120-member Knesset (parliament). In Israel's 44-year history, not a single party has formed a government without support from smaller parties.

Meretz, a group of three left-wing parties, is a ready partner. The religious parties—SHAS [Sephardic Torah Guardians] and the National Religious Party (NRP)—were expected to back labor if given promises of financing and enforcement of religious laws. SHAS obtained seven seats and the NRP, six.

Labor Leader Yitzhak Rabin could probably include the seven-seat right-wing Tsomet Party in the Labor-led government if negotiations with the religious parties failed, Labor officials said.

Another "national unity government" with Likud, like that which ruled from 1984 to 1990, will clearly be out of the question.

Labor's sweeping victory came as a surprise to many. Pre-election polls predicted that Labor would beat Likud by four to seven seats at the most.

The victory may be attributed to many Israelis' disappointment with Likud's 15 years of rule that has led to rising unemployment, poor performance in settling immigrants and a slow pace in the Mideast peace process.

Labor owed much to the nearly 400,000 new immigrants, among whom 240,000 were eligible voters. Early election returns showed that 47 percent of the immigrant voters supported Labor and 11 percent for Meretz, while 18 percent favored Likud. These voters tilted the balance of power toward the left-wing bloc.

The Likud-led government was blamed for the 39-percent unemployment rate for the immigrants (the national average is 11 percent), and the shortage of housing.

As for old Israeli voters, many were fed up with Likud's aging leadership, its corruption and reluctance to make changes.

Likud's chances also were damaged by internal fighting between outgoing Prime Minister Yitzhak Shamir and Foreign Minister David Levi. Levi and his supporters, many of them Jews of the Middle Eastern origin, felt they were slighted in the selection of Likud's parliament slate.

Shamir's intransigence in rejecting any compromises in peace talks with the Arabs also alienated many voters who want peace, and strained relations with the United States which has co-sponsored the peace process with Russia.

Using loan guarantees as a leverage on the Israeli elections, American officials indicated the U.S. support for Labor. They offered to reconsider, after the elections, the Israeli request for 10 billion dollars worth of loan guarantees Washington withheld because of Shamir's refusal to halt settlement building in the occupied territories.

Labor, capitalizing on the growing support for the peace process and the Israelis' concern about security, put forward a platform characterized by a mixture of toughness and commitment to peace talks based on the land-for-peace principle.

But how far will Labor go in making peace with the Arabs remains to be seen.

Arab sources here said Labor's peace commitment is open to doubts. They cited Rabin's refusal to budge on issues of essence.

By offering "limited territorial compromise," they noted, Labor refers to "areas densely populated by Palestinians" in the occupied territories, not the Golan Heights, the Jordan Valley and parts of the West Bank which it considers vital to Israel's security.

Still, Rabin's pledge to freeze settlement building in the occupied territories means what is called "political settlements," not "military" ones.

While promising to speed up self-rule for the 1.7 million Palestinians in the territories, Rabin makes it clear that an independent Palestinian state can never be set up there and the Palestine Liberation Organization will never have a role.

West Europe

Central Bank President Interviewed in UK

HK2406061092 Hong Kong TA KUNG PAO
in Chinese 19 Jun 92 p 4

["Special dispatch" from London: "Li Guixian, President of the People's Bank of China, Meets Press in Great Britain"]

[Text] London, 18 June (TA KUNG PAO)—Li Guixian, president of the People's Bank of China, met reporters and answered their questions here today. The following is a summary of their conversation.

Inflation Rate Is Restricted to 6 Percent

[Unidentified reporter] Would you please talk about China's plans on structural banking reform focusing on loans granted to enterprises, namely, whether or not you have plans to reduce loans granted to losing enterprises and increase the use of interest rates as a means of providing enterprises with loans?

[Li Guixian] This year, we have quickened the pace of reform and opening up and the economy has grown very rapidly. Industry, the national economy, and foreign trade have grown by 18, 11, and 19 percent respectively, and the inflation rate is at 5 percent. Our current policy is to give special support to basic industries such as communications, energy, and raw and semifinished materials, rather than to enterprises according to their size. We treat large, medium, small, and foreign-invested enterprises equally without discrimination. So long as the enterprises operating with good economic results and producing marketable products need funds, we will support them. However, we will not support enterprises which operate with deficits or produce unsalable goods. With regard to our reform, priority will be given to the transformation of mechanisms in large, medium, and small state enterprises, independent operations with sole responsibility for profits and losses, and a reduction of government intervention. In order to diminish risks, banks will also operate independently. On the problem of curbing an overheated economy, we will mainly adopt the interest rate policy and we are now considering whether to raise interest rates. It will take two to three months to observe the situation before any final decision is made.

Volume of Currency Issuance Will Be Controlled

[Reporter] You just said that the inflation rate was 5 percent. If the measures you just mentioned are not taken, will the inflation rate keep on rising?

[Li Guixian] No. The inflation rate last year was very low, only 2 percent, and it is a bit higher this year. Compared with last year, the real increase in the inflation rate is only about 3 percent.

[Reporter] As the symptoms of inflation have emerged in your economy and you have taken some emergency measures now, will these cause the economy to decline again?

Regarding the Implementation of Bankruptcy Law

[Li Guixian] I think it will not, because we have gained very good experience after the stringent retrenchment in 1988, and the measures we are adopting now are comparatively mild. We will regulate the economy by using monetary means to maintain a relatively rational economic growth rate, say 8 or 9 percent. We intend to control the money supply at the same level as economic growth and price rises. When prices rise to a higher level, we will tighten the money supply but, when economic growth is at a lower level, it will be eased. According to my experience as president of the central people's bank, I will tighten the money market appropriately when economic growth exceeds 10 percent and ease it when growth is below 5 percent.

[Reporter] Is China's Bankruptcy Law being strictly implemented now? You just mentioned that you would not provide loans to enterprises running in the red, but has the Bankruptcy Law been well implemented in this respect?

[Li Guixian] I can tell you that the Bankruptcy Law has not been very well carried out. There are objective causes since China has not instituted a complete social insurance system and compensation for the unemployed has not totally come up to the required standard. Under the condition that society still lacks a sound insurance system, it is very difficult to put the Bankruptcy Law into practice. We are enthusiastically carrying out reform to institute a perfect social insurance system and after it has been instituted and perfected, we will practice the Bankruptcy Law strictly.

[Reporter] You do not provide loans to losing enterprises now, do you?

[Li Guixian] No. We have suspended granting loans to them so as to force them to operate independently. I feel that the more you carry the child in your arms, the poorer his self-supporting ability will be. We will force them to head for the market in a positive manner.

Third Stock Exchange Will Be Set Up in North

[Reporter] With regard to stocks, when do you think the new stock exchange will be set up?

[Li Guixian] There are only two stock exchanges at present, one in Shenzhen and the other in Shanghai. I think China can only set up three exchanges at most. In the next three to five years, we will concentrate our energy on making experimentations in Shenzhen and Shanghai, gaining experience, enacting legislation, and training qualified personnel, and we will particularly work to change public awareness of the risks in stock dealings. Shanghai is the heart of the whole country, just

as London is of Britain. In south China, the center is Shenzhen and in the north, it will be Tianjin, Beijing, or somewhere else which has not been decided. I think we will not set up another stock exchange within three to five years.

The People's Bank Complies With Basic Law

[Reporter] The People's Bank of China is China's central bank. So, after Hong Kong's sovereignty is returned to China in 1997, what role will the People's Bank of China play in Hong Kong, say, set up a representative office there as it has in London?

[Li Guixian] The role of the People's Bank of China in Hong Kong after 1997 is indeed a matter of interest to all. According to the Basic Law of the Hong Kong Special Administrative Region [SAR], the SAR government will formulate monetary and banking policies by itself, and issuing rights for Hong Kong currency will be in the hands of the SAR government. The People's Bank of China will act in compliance with the stipulations of the Basic Law and will do all it can to promote and maintain the stability and development of Hong Kong. I hope the several major banks, which are playing a very important role in Hong Kong now, will continue to play an important role as they do at present and will shoulder important responsibilities either before or after 1997.

In light of the stipulations of the Basic Law, the People's Bank of China cannot and has no plan to set up any organization in Hong Kong.

'Special Article' Examines British Relations

HK2406113492 Hong Kong WEN WEI PO
in Chinese 24 Jun 92 p 14

["Special article" by Chen I-shih (7115 6654 1102): "British Foreign Ministry Spokesman Cannot Justify Himself"]

[Text] Answering questions from the press, the British Foreign Ministry spokesman defended his senseless accusation against the senior Chinese representative with arguments which were totally untenable and unjustifiable.

Even if the British do intend to organize an anti-Chinese force in Hong Kong and instigate them into openly opposing the Chinese side, thus effectively violating the most fundamental principle of the Sino-British Joint Declaration—that "the existing social and economic systems of Hong Kong will not change," "safeguard and maintain the economic prosperity and social stability of Hong Kong," and "ensure a smooth transfer of power in 1997." Its technique is so crude that it cannot but hit its right cheek with its own left hand, leaving Goodlad to negate Hurd and the spokesman to negate Major.

It is hoped that the British Foreign Ministry spokesman will answer the following questions in line with their so-called arguments. By doing so, he can also convince

more Hong Kong residents. Otherwise, it will be difficult to deny responsibility for engaging in political manipulation and harming friendly Sino-British cooperation.

1. The so-called "inconsistency with the terms of the Sino-British Joint Declaration that the Sino-British Joint Liaison Group is not a power structure." In this connection, the spokesman also raised the issues of "the Hong Kong governor's responsibilities" and "the administration of Hong Kong." According to the spokesman's line of argument, the "Rose Garden" blueprint designed by the Hong Kong Government will be funded by the Hong Kong Government and completed before 1997. Does this not fall under the "Hong Kong governor's responsibilities" and "the administration of Hong Kong"? Why then was it channelled through the Sino-British Joint Liaison Group and discussed by a committee of experts? Why was it necessary for the the British prime minister to take the trouble to visit Beijing to sign the Memorandum of Understanding and to decide that the two foreign ministers of China and Britain will meet once a year while the director of the Chinese State Council's Office of Hong Kong and Macao Affairs and the Hong Kong Governor will meet twice a year? If the spokesman's arguments can hold water, was this not contrary to his criteria? Should he not also summon Hurd to lodge his protest and then dismiss Major [shi fou ye ying zhao jian han da de ti chu kang yi bing jin yi bu ba mian ma zhao an 2508 0694 0048 2019 0664 6015 7281 6671 1795 2251 0427 2123 6231 0017 6651 0001 2975 5007 0346 7456 0587 1344]?

The identification cards used by all Hong Kong residents today were distributed after the design and wording had been carefully discussed and an understanding reached by the Sino-British Joint Liaison Group. Did this violate the aforementioned spokesman's principle?

Do aviation agreements concluded between the Hong Kong Government and foreign airline companies fall under the "Hong Kong governor's responsibilities" and the "administration of Hong Kong"? Well, even the clauses of the agreements were discussed by the Sino-British Joint Liaison Group. Why was this not a violation of the Joint Declaration?

When cases handled by the British Privy Council are turned over to Hong Kong's Court of Final Appeal, can this not be said to fall under the "administration of Hong Kong"? Why then should it be discussed by the Sino-British Joint Liaison Group and a unanimous decision reached?

On the contrary, the attitude and position of the Chinese side has always been consistent and clear cut. The Chinese side believes that the examples cited above are related to the most fundamental principle of the Sino-British Joint Declaration, which was cited above, and that they are major issues which are connected to the prosperity and stability, smooth transition, and orderly transfer of power in Hong Kong. For this reason it has exerted the greatest efforts to resolve them through the

Sino-British Joint Liaison Group. The achievements obtained through the years by the Sino-British Joint Liaison Group also serve to prove that the consistent position of the Chinese side is correct and complies entirely with the articles and spirit of the Joint Declaration.

Since the British Foreign Ministry spokesman maintains that the Sino-British Joint Liaison Group should not concern itself with so-called "responsibilities of the Hong Kong Governor" and the "administration of Hong Kong," how can he explain the British Government's spending so much time and energy in participating in so many endeavors of the Sino-British Joint Liaison Group, given his assertion on the "inconsistency with the terms of the Sino-British Joint Declaration that the Sino-British Joint Liaison Group is not a power structure?"

2. The spokesman reiterated that: "Appointment to the Executive Council is an entirely internal decision of the Hong Kong Government." Question: Does British Foreign Secretary Douglas Hurd's statement to the British House of Commons on 4 June that "Britain will solicit the Chinese side's views regarding the appointment of liberal legislative council members to the Executive Council" still count? If even a response to news uttered by Hurd in parliament can turn into a diplomatic issue, then should the Chinese side henceforth ignore and dismiss all statements by the British foreign secretary? The British spokesman should clarify his statement to avoid being accused of ignoring diplomatic protocol in the future.

3. The spokesman also reiterated that: "The British Government will make representations to the Chinese side before fall this year regarding the question of direct elections to the legislative council in 1995." There are two questions here which should be clarified by the spokesman: 1) Since it is repeatedly stressed that this is an "internal decision of the Hong Kong Government," what then is there to "make representations" about to the Chinese side? 2) Former British Prime Minister Mrs Thatcher once noted: "Britain must abide by the agreement reached with China on seats in the Legislative Council." So far the Chinese side has not raised any demand about increasing or decreasing the number of seats and, on the contrary, it has insisted on conducting business according to the agreement reached. So, what is there to "make representations" about? The only possibility is that the British side would like to back out from the early agreement and go back on its words but it also dares not assume the necessary responsibility. Instead, it wants to use the occasion to instigate "anti-Chinese" sentiments. It has indeed indulged in some wishful thinking.

4. The spokesman defended Goodlad's erroneous statement in Hong Kong by claiming that "while speaking at a public gathering in Hong Kong Goodlad had indicated that, technically speaking, the Basic Law can be amended if China is willing to do so but this statement had been taken out of context. Goodlad's statement was

not an indication that Britain was testing the Chinese side's response nor an unofficial demand for the Chinese side to amend the Basic Law." The spokesman should not take the people of Hong Kong to be idiots because nobody's words were taken out of context. The only problem was that Goodlad failed to hone his act, thus exposing the villain's intent for all to see. Why did the spokesman not simply say that the "Statement by Goodlad does not represent the views of the British Government"? Would this not have rejected the responsibility more thoroughly than the words "does not indicate"?

Even though the words "technically speaking, if China is willing" were added after revision by rhetoric experts, they do not mitigate the nature of the error. The concerned Chinese side has repeatedly presented its views, while an agreement has already been reached on this issue by China and Britain. Goodlad himself should be very aware of these, hence the motive can hardly be concealed by the four words: "Taken out of context."

Instigating a Sino-British feud is detrimental to China, Britain, and Hong Kong.

Germany Abolishes Export Restrictions

OW2506004692 Beijing XINHUA in English
2349 GMT 24 Jun 92

[Text] Bonn, June 24 (XINHUA)—In an effort to promote German-Chinese cooperation, the German Federal Assembly (Bundestag) Wednesday night voted 259 against 197 in favor of abolishing export restrictions towards China.

Local observers say that the assembly's move virtually means a lift of a ban of providing loans to China.

Speaking at the assembly, German Foreign Minister Klaus Kinkel said he stood for the idea to provide low-interest loans to China so that it can buy three container ships from Germany.

Earlier on June 3, the Federal Assembly's Foreign Affairs Committee decided to abolish export restrictions towards China.

Li Lanqing Signs Agreements With Greek Minister

OW2506085492 Beijing XINHUA in English
0747 GMT 25 Jun 92

[Text] Beijing, June 25 (XINHUA)—China and Greece signed an agreement on encouraging and mutually protecting investment and another on economic, industrial and technological cooperation here today.

Chinese Minister of Foreign Economic Relations and Trade Li Lanqing and visiting Secretary-General of the Greek Ministry of National Economy George Theofanous signed the papers on behalf of their respective governments.

Prior to the signing ceremony, Li met with Theofanous and a government delegation he led. The two sides exchanged views on further expanding the economic and trade relations between the two countries.

The Greek delegation arrived here June 22 to attend the third session of the Sino-Greek Joint Committee on Economy and Trade.

Li Peng Meets Former French Minister

*OW2406132792 Beijing XINHUA in English
1315 GMT 24 Jun 92*

[Text] Beijing, June 24 (XINHUA)—Chinese Premier Li Peng met with Jean-Pierre Chevenement, member of the National Assembly of France and former minister, and Mrs. Chevenement at the state guesthouse here this evening.

They had a friendly talk on the Sino-French relations and the present international situation.

Li Peng's wife Zhu Lin and French ambassador to China Claude Martin attended the meeting.

Latin America & Caribbean

Bolivian Delegation Meets NPC's Wang Hanbin

*OW2306125792 Beijing XINHUA in English
1240 GMT 23 Jun 92*

[Text] Beijing, June 23 (XINHUA)—Wang Hanbin, vice-chairman of China's National People's Congress (NPC) Standing Committee, met with a delegation from the Bolivian Chamber of Deputies led by its Second Vice President Benjamin Miguel Harb here this evening.

They had a friendly talk on the relations between the two countries and the two parliaments.

The meeting was followed by a dinner hosted by Wang in honor of the Bolivian visitors.

The delegation arrived here Monday for a goodwill visit to China at the invitation of the NPC Standing Committee.

Meets Wan Li, Zhu Rongji

*OW2406131892 Beijing XINHUA in English
1300 GMT 24 Jun 92*

[Text] Beijing, June 24 (XINHUA)—Chairman Wan Li of the National People's Congress (NPC) Standing Committee said today that exchanges between parliamentarians of China and Bolivia helped promote understanding and friendship between the two countries.

He made his remarks at a meeting with a visiting delegation from the Bolivian Chamber of Deputies led by Second Vice-President Benjamin Miguel Harb in the Great Hall of the People.

Wan noted that both China and Bolivia stand for world peace and development. The exchanges between the two parliaments have also helped expand trade and economic cooperation as well as scientific cooperation.

Benjamin told Wan that a parliamentary group for Bolivia-China friendship has been formed in the Bolivian parliament.

In response, Wan said that the NPC has also decided to form a China-Bolivia friendship group.

Noting that China is becoming a strong economic power in the world, Benjamin said China holds similar views to Bolivia and other developing countries on international issues.

Present at the meeting was NPC Vice-Chairman Wang Hanbin.

Earlier today, the visitors had a meeting with Chinese Vice-Premier Zhu Rongji who briefed them on how China is deepening reform and opening wider to the outside world.

The Bolivian parliamentarians are scheduled to leave tonight for Shenyang, Dalian and Shanghai.

Ecuadorian Delegation Meets NPC's Ni Zhifu

*OW1906124992 Beijing XINHUA in English
1213 GMT 19 Jun 92*

[Text] Beijing, June 19 (XINHUA)—Ni Zhifu, vice-chairman of China's National People's Congress Standing Committee and president of the All-China Federation of Trade Unions (ACFTU), met here today with Ramilo Rosales, president of the Central Class Organization of Ecuador (Central Ecuatoriana de Organizaciones Clasistas), and his party.

The guests are here to learn about China's policy of reform and opening to the outside world, as well as the status, role and current task of the Chinese trade unions.

The Ecuadoran visitors arrived here earlier today as guests of the ACFTU.

Meets Song Ping

*OW2006124992 Beijing XINHUA in English
1148 GMT 20 Jun 92*

[Text] Beijing, June 20 (XINHUA)—Song Ping, Standing Committee member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met here today with a delegation from the Democratic Left Party of Ecuador, which is led by Party Chairman Andres Vallejo.

In the meeting Song, in an account of China's reform and opening, said the country is restructuring the political set-up while conducting reform of the economic structure, and is striving to build up socialist democracy on a comprehensive basis.

Vallejo, voicing admiration for the achievements of China's reform and opening, said it is significant that China still adheres to socialist construction despite the dramatic changes in the world.

The Democratic Left Party attaches great importance to the relations with the Chinese Communist Party and the Chinese Government and the delegation expects to further such ties with this trip, a Chinese official quoted Vallejo as saying.

Chinese Tractors To Be Assembled in Venezuela

*OW2406185292 Beijing XINHUA in English
1756 GMT 24 Jun 92*

[Text] Caracas, June 24 (XINHUA)—An assembly plant for Chinese tractors has been inaugurated in Valencia, 145 kilometers west of Caracas.

Chinese Deputy Minister of the Machinery and Electronics Industry Zhang Delin, Chinese Ambassador to Venezuela Huang Zhiliang and Venezuelan Director of Foreign Investments Anselmo Chuecos Perez, as well as

Venezuelan Foreign Ministry officials and entrepreneurs attended the inauguration ceremony in Valencia Tuesday.

The first of its kind in Latin America, the assembly plant for Chinese tractors is run with mixed capital from the Chinese Corporation of Construction and Agricultural Machinery and Venezuela's China Holding Company. Its total investment is 2 million U.S. dollars, of which China accounts for 31 percent.

This plant will assemble mainly 50 and 25 horsepower tractors for sale in the Venezuelan and other Latin American markets.

At the inaugural ceremony, the Chinese deputy minister said that the inauguration of the Chinese tractor assembly plant is the result of support from the Governments of China and Venezuela and signifies an important milestone in the relations of friendship and cooperation between the two countries.

For his part, President of Venezuela's China Holding Company Georges Brandam expressed his hope that the Chinese tractors will contribute to a greater variety of food for Venezuelans.

Political & Social**Guangdong Circulates 'Less Censored' Deng Paper**

HK2506022692 Hong Kong THE STANDARD
in English 25 Jun 92 p A-6

[By Cary Huang]

[Text] Guangdong has circulated a much less censored version of paramount leader Deng Xiaoping's call for economic reform.

One source said there were several versions of Mr Deng's directives circulated by different authorities, but the Guangdong party committee's version was the most comprehensive.

The sources said only a few senior Guangdong leaders had access to the full version, which is considered a top national secret.

Chinese sources said the Guangdong document goes a lot further than the approved Central Committee version.

Provincial party authorities have issued the most comprehensive version of the patriarch's remarks made during his much publicized trip to the south early this year.

The Guangdong document includes more direct quotes from Mr Deng.

Copies of the document are being circulated to party organs and government departments throughout the province as study reference material to supplement the party central committee's No 2 document.

The Central Committee document quickly summarises the "essence and spirit" of Mr Deng's directives made during the southern sweep.

The Guangdong document was edited by the General Office and Propaganda Department of the provincial party committee. It was based on tape recordings by regional authorities and official media reports of Mr Deng's remarks made in different localities.

Even central leaders do not have access to Guangdong's full version of Mr Deng's remarks.

The several thousand word Central Committee's No 2 document contains only a small part of Mr Deng's speeches during the trip and little of his sharp criticisms of the conservative wing within the party.

"The Central Committee apparently wanted to avoid confusion among the ordinary party members and officials and confrontation between factions, by cutting some of Mr Deng's sensitive comments," a source said.

Shanghai Paper Publishes Deng Remarks on Reform

HK2306010692 Beijing ZHONGGUO XINWEN SHE
in English 1431 GMT 22 Jun 92

[Text] Shanghai, June 22 (CNS)—A news report in today's edition of the LIBERATION DAILY [JIEFANG RIBAO] here revealed in detail Mr. Deng Xiaoping's remarks on "capitalism" and "socialism" made last February during his visit to Shanghai.

According to the report, on February 10, Mr. Deng and President Yang Shangkun, accompanied by leaders of the Shanghai Municipality including Mr. Wu Bangguo, paid an inspection visit to the Shanghai Beiling Micro Electronics Manufacturing Co. Ltd., a Sino-Belgian joint venture.

Watching in a dust-free workshop the operation of an ion implantation machine introduced from abroad, Mr. Deng asked the personnel beside him whether the equipment was something belonging to "capitalism" or "socialism." Not prepared for such a question from Mr. Deng, the personnel were completely tongue-tied. Then Mr. Deng answered the question himself, saying that the machine originally belonged to "capitalism" but now belonged to "socialism." Mr. Deng's remarks meant that "capitalism" could turn into "socialism" and vice-versa. He said that debate about "capitalism" and "socialism" was not yet at an end and this was an important problem. Mr. Deng further went on to say he had to have some "capitalism" to convert it into "socialism."

After listening to a briefing on the introduction of such equipment, the general architect of reform and openness said with great significance and implications, "As we open our doors, outsiders will come in..."

Leadership Offspring 'Do Business' in SEZs

HK2506051892 Hong Kong MING PAO
in Chinese 22 Jun 92 p 58

[Report: "South China Does Not Resist Prince Party But Uses it as Bridge To Forge Links With Central Authorities"]

[Text] Since Deng Xiaoping toured south China and stirred up the "Deng whirlwind" to encourage a second round of reform and opening up, the special economic zones [SEZs] in the south and the open coastal cities have once again become the places people want to go to very much. A large number of children and relatives of senior CPC cadres and some work personnel from central departments have gone to south China to do business. Some people in the localities are worried that if this trend runs rampant, a new round of "official profiteering" will take shape.

Since March this year, many children of senior cadres have asked for jobs in Shenzhen, Zhuhai, Hainan, and Fujian. Among them are children of central and provincial cadres and children of senior military cadres. Because certain requirements have to be met to work in the SEZs and "pending approval" is needed from local

officials, there are a large number of "pending approval" requests in the hands of Shenzhen CPC Secretary Li Hao. These requests are written by his old bosses, old friends, and old classmates from school.

Among the sons of senior cadres who have come to south China, the most eye-catching are several "princes" whose fathers are senior party elders. They are Deng Zhifang, Deng Xiaoping's second son; Chen Fang, Chen Yun's second son; and Liao Chun, Liao Chengzhi's son. In Shenzhen and Weizhou, they have pooled funds with local people for real estate and trading businesses, which are very popular today.

A Shenzhen official disclosed that more than 100 companies have been opened by the children of senior party, government, and military cadres since March. Because the state has relaxed its import policy, the "business" in endorsing documents on imports and exports has become active again.

The above-mentioned phenomenon is reminiscent of the term "official profiteering." It was a direct cause of the 1989 pro-democracy movement. Will "official profiteering" emerge again in the new round of reform and opening up? A mayor in the Zhu Jiang Delta thinks time will tell.

This local official said that the princes have come to south China on their own this time, that their "strength" is scattered, that they have not yet formed a "party," and that they do not have the strength of a national group like China Kanghua Development Corporation had in the past. Judged from this aspect, it is not very likely that they will cause large-scale "official profiteering," but small-scale "official profiteering" is unavoidable. Local governments will not hesitate to take action if there evidence shows that they are doing business unlawfully, however, such evidence is hard to find.

This city-level official said that from the local government angle, they do not resist the "princes" coming to south China to do business for two reasons: first, under the current political system in China, most of the "princes" will become successors in government at various levels and their participation in economic activities will be beneficial to China's future reform and opening up; second, local governments can utilize the "princes" as a bridge for communicating with the central authorities.

For ordinary people, they worry about the possibility of a new round of "official profiteering." They hate "official profiteering" very much on the one hand and feel powerless to do anything about it on the other. Some entrepreneurs look down on the "princes." They think that only a few are capable among the "princes," and that in an increasingly mature market economy they are only one type of competition.

Deng Said 'Poised To Promote' Zhao Ziyang

HK2506025092 Hong Kong SOUTH CHINA
MORNING POST in English 25 Jun 92 p 10

[By Willy Wo-lap Lam]

[Text] Patriarch Mr Deng Xiaoping is poised to promote several liberal associates of disgraced party chiefs Mr Hu Yaobang and Mr Zhao Ziyang during the 14th Party Congress.

Chinese sources said Mr Deng would present his shortlist of reformist candidates at informal party meetings to be held at the North China resort of Beidaihe in the summer.

The sources said several liberal-minded officials might be elevated to replace conservative cadres.

The Deng proteges include the head of the General Office of the Central Committee, Mr Wen Jiabao; his deputy Mr Zeng Qinghong; State Councillor Mr Chen Junsheng; Labour Minister Mr Ruan Chongwu; and the out-going party secretary of Tibet, Mr Hu Jintao.

Mr Wen and Mr Chen are regarded as proteges of Mr Zhao, and Mr Ruan and Mr Hu are close followers of the late Mr Hu Yaobang.

Mr Wen, 50, who was a close adviser to Mr Zhao, is considered a candidate to succeed the out-going party secretary of Beijing, Mr Li Ximing.

Although a bit too old, Mr Chen, 65, is tipped to take a heavy agriculture portfolio or to succeed Mr Chen Xitong as Beijing mayor if the latter decides to retire.

Mr Hu Jintao, 50, a former chief of the Communist Youth League, has been waiting for a re-appointment since he returned from Tibet to Beijing almost two years ago.

Analysts said his chances of landing an influential job had been enhanced because his conservative enemies had been put on the defensive.

Mr Ruan, 59, a former minister of public security, is considered a candidate for a major portfolio in the legal and security establishment.

A former vice-party secretary of Shanghai, Mr Zeng, 53, was moved to Beijing in 1989 on the orders of party General-Secretary Mr Jiang Zemin, his mentor.

Mr Zeng is deemed a candidate for a top post in Shanghai if either the municipal party boss or mayor is transferred elsewhere.

Chinese sources said the chances for the "full rehabilitation" of former United Front chief Mr Yan Mingfu, 61, might be enhanced with the death last Sunday of conservative elder Mr Li Xiannian.

A close aide to Mr Zhao, Mr Yan was partially rehabilitated when he was appointed Vice-Minister of Civil Affairs last year.

However, efforts by Mr Deng and President Mr Yang Shangkun to elevate Mr Yan to a higher position such as a member of the Central Committee Secretariat were shot down by Mr Li.

Political analysts said that for Mr Deng to successfully place his proteges in top positions he had to maintain the momentum of his five-month-old counteroffensive until the 14th Congress, which is scheduled for November.

On Tuesday, the official Economic Daily published an article which ran counter to Mr Deng's line that only cadres with reformist credentials should be promoted.

The article said that of the four criteria for promotion—"revolutionary fervour," youth, intellect and professionalism—the first was the most important.

4 'Leftists' Not Elected CPC Congress Deputies

HK2506024492 Hong Kong SOUTH CHINA MORNING POST in English 25 Jun 92 p 10

[Text] Four leftists who have been criticized by patriarch Mr Deng Xiaoping have failed to be elected deputies to the 14th Party Congress, Chinese sources said yesterday.

They were veteran ideologue and member of the Central Advisory Commission Mr Deng Lique, Propaganda Chief Mr Wang Renzhi, his deputy, Mr Xu Weicheng, and PEOPLE'S DAILY director Mr Gao Di.

The sources said the leftists were spurned by their colleagues when their departments held elections for deputies to the Congress, who are empowered to choose the next Central Committee.

They said this development would also hasten the removal of the four hard-liners from their official posts.

"Liberal intellectuals in Beijing were so overjoyed that they called one another up with the news," a source said.

"The failure of the leftists to get elected means they cannot sabotage reform measures that the liberal faction hopes to enshrine at the Congress."

In recent weeks, leftists including Mr Wang, Mr Xu and Mr Gao have tried to save themselves by making pro forma statements in support of Mr Deng's reform initiative.

However, Mr Deng Lique continued to openly oppose the patriarch, saying he could soon stage a counterattack against the liberals.

Reportage of Li Xiannian Death Continues

Comrades Mourn Li Xiannian

OW2506080892 Beijing XINHUA Domestic Service in Chinese 1453 GMT 24 Jun 92

[Text] Beijing, 24 June (XINHUA)—More leading comrades of the central authorities mourned in various ways for Comrade Li Xiannian, a great proletarian revolutionary, statesman, firm Marxist, outstanding party and state leader, and chairman of the National Committee of the Chinese People's Political Consultative Conference, and expressed sympathy for his relatives.

Those leading comrades were: Yang Rudai, Wu Xueqian, Wang Shoudao, Wu Xiuquan, Jiang Hua, Li Desheng, Zhang Jingfu, Zhang Aiping, Lu Dingyi, Ji Pengfei, Huang Hua, Ngapoi Ngawang Jigme, Zhou Gucheng, Yang Jici, Rong Yiren, Ye Fei, Fei Xiaotong, Sun Qimeng, Wang Fang, Li Guixian, Chen Xitong, Chen Junsheng, Qian Qichen, Ren Jianxin, Liu Fuzhi, Pabalha Geleg Namgyai, Zhou Peiyuan, Deng Zhaoxiang, Zhao Puchu, Ba Jin, Liu Jingji, Wang Enmao, Qian Xuesen, Qian Weichang, Lu Jiaxi, Qian Zhengying, Su Buqing, Ismail Amat, Hou Jingru, Ding Guangxun, and Ye Xuanping.

Comparison of Li Xiannian Obituary

CM2506125292

Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese on 23 June carries on page one a XINHUA report entitled, "Li Xiannian, Chairman of the Chinese People's Political Consultative Conference, Dies in Beijing—CPC Central Committee, National People's Congress Standing Committee, State Council, Central Military Commission, Chinese People's Political Consultative Conference National Committee Issue Obituary."

This report has been compared with the Beijing XINHUA Domestic Chinese version headlined, "Further Reportage on Li Xiannian Obituary," published in the 23 June China DAILY REPORT, page 23-25, and found to be identical except for the following:

Page 24, column two, second paragraph, third sentence, reads ...the situation was, he never flinched a bit but persisted in struggle dauntlessly [shi zhong jian ren bu ba, bu qu bu nao, jian chi dou zheng] [1193 4807 1017 7282 0008 2149, 0008 1448 0008 2321, 1017 2170 2435 3630]. He had the ... (adding additional words in struggle" and providing STC's)

In addition, Beijing RENMIN RIBAO in Chinese on 23 June also carries on page one a XINHUA report, entitled, "CPC Central Committee, National People's Congress Standing Committee, State Council, Central Military Commission, Chinese People's Political Consultative Conference National Committee Announce With Deep Sorrow Death of Comrade Li Xiannian." This report has been compared with the

forementioned Beijing XINHUA Domestic Chinese version run in the 23 June China DAILY REPORT and found to be identical, except for the following:

Page 23, column one, first paragraph reads... Comrade Li Xiannian was a great revolutionary, statesman, and strategist of the proletariat, a staunch Marxist, and an outstanding party and state leader. His life was a brilliant and militant one. During his revolutionary career of more than 60 years, he had firm faith in communism and absolute devotion to the party, the people, and the proletarian revolution. No matter how difficult the situation was, he never flinched a bit but persisted in struggle dauntlessly. He had the courage and resourcefulness of a proletarian revolutionary, was good at putting Marxism into practice, adhered to the mass line that calls for one who comes from the masses to go into the masses, and was creative in waging the revolutionary struggle and leading economic work. He had strong proletarian party spirit, always cared about the interests of the entire country, was a man of principle, upheld unity, and observed party discipline in an exemplary way. Having a broad mind, he was open, aboveboard, modest, and prudent. He cared about cadres and was good at discovering and cherishing talented people. He was honest in performing his official duties, led a thrifty life, and made strict demands on his children. Comrade Li Xiannian proved himself to be a proletarian revolutionary of the older generation who was of noble character and high prestige, had performed outstanding feats, and was deeply loved by the party, the army, and the people of all nationalities throughout the country.

The CPC Central Committee, the PRC... (adding introductory paragraph).

Columnist Views 'Eight Immortals'

HK2406024092 Hong Kong SOUTH CHINA
MORNING POST in English 24 Jun 92 p 21

["China" column by Willy Wo-lap Lam]

[Text] It is a tragedy for Li Xiannian—and for China—that he will be remembered not as a carpenter, soldier, diplomat or central planner but as an overstayer who refused to pass the baton.

Like other members of the Council of the Eight Immortals that rules the nation from behind the scenes, Mr Li's lust for power and the limelight became all-consuming during his twilight years.

As a friend of the late chairman of the Chinese People's Political Consultative Conference [CPPCC] tells it, in the last few years Mr Li took injections and special tonics before conference functions or meetings with visiting dignitaries.

To maintain the illusion of immortality, Mr Li's legend of secretaries and hangers-on would, in his name, pen inscriptions, send flowers and dispatch telegrams for new bridges, weddings and funerals.

In 1988, Mr Li, then state president, caused fellow Immortal Deng Xiaoping no end of embarrassment when he openly complained to foreigners about being dumped in favour of army supremo and Immortal Yang Shangkun.

"I am still young and vigorous," said Mr Li, who was then rumoured to have a friendship with a woman in Shanghai, a city which he visited regularly. "I can serve out another five-year term as head of state. Besides, Comrade Shangkun is one year older than I."

What is even more tragic for the Chinese nation is that Mr Li and his fellow "first-generation revolutionaries" have been around for so long there is a certain dynastic legitimacy to their overstaying in office.

Out of a combination of inertia and indoctrination, people assume the Immortals will still pull the strings when China makes the "Ultimate transition" from Mr Deng's "Preliminary stage of socialism" to communism.

It is no accident that in the official tribute yesterday, the Chinese Communist Party (CCP) referred to Mr Li's "immortal" contributions to the revolution.

At the same time, the few among the Council of Elders who are robust have kept up their intimations of immortality. After all, to legitimise their geriatric rule, they must first convince the people that they won't be seeing Marx for a long, long time.

After a medical checkup late last year, Mr Deng was so encouraged by his doctor he told his children he expected to live to 100, and then some. Shortly afterwards, the patriarch, who will turn 88 in August, embarked on a trip to southern China.

Even though Mr Deng's energy levels usually sag during the summer months, he took off on a grueling tour of the Northeast 10 days ago.

The supreme elder has told both Chinese and foreign friends that he will visit Hong Kong after 1997 and Taiwan after its "reunification with the motherland."

It is, therefore, not surprising that the Eight Immortals have failed to lay down a game plan for transition and succession. This is despite the fact that, at least superficially, the leadership seems well-prepared for the changing of the guard.

First of all, the security establishment under politburo member Qiao Shi has made preparations to prevent students and dissidents from taking advantage of the death of a chieftain to mount the next stage of street protests.

Last year, the CCP announced that it had cancelled elaborate funeral rites for all party veterans. Reason: burial and other mourning ceremonies for the late Hu Yaobang were a catalyst for the democracy movement in 1989.

Mr Qiao's advisers have also worked out contingency plans for how the 100,000-odd police, People's Armed Police and soldiers who are guarding the capital would be deployed to quash riots that might break out in the wake of the demise of a cardinal Immortal such as Mr Deng.

As for succession, there is a consensus among liberal as well as diehard octogenarians that "trustworthy Marxists"—meaning, in the main, their off-spring and proteges—would be handed the baton.

Among the Immortals, Mr Li should perhaps be credited with not pushing the careers of his children too aggressively.

However, the late CPPCC chairman probably regarded Mr Jiang Zemin as the protege of his who had made the very top. It is telling that the relationship between Mr Jiang and his nominee as party general secretary in 1989 was so close that the former Shanghai party boss was mistaken as Mr Li's son-in-law.

This scenario of a peaceful transfer of power, though backed by a near-omnipotent military and police apparatus, however, may represent the wishful thinking of deluded old men.

If the series of deaths of major party founders such as Chairman Mao and Premier Zhou Enlai in 1976 is any indication, the demise of one octogenarian might set off a "domino effect." After all, Mr Li's departure followed hot upon the heels of that of Marshal Nie Rongzhen and Long March legend Ms Kang Keqing.

The death of Mr Li has sent a rude shock to 1.15 billion Chinese. Despite the magic synthesis between Western medical science and Qigong, the rest of the Long Marchers might not be able to tarry too long. The immortal-Emperors are dying as China gears up for the 21st century.

Up to the Tiananmen Square crackdown, the mandarin-cadres could convince themselves that the safety umbrella provided by millennia of feudalism would work so long as the CCP could shore up its facade of legitimacy.

Much as the populace might decry the inefficiency and corruption of the party, it represented order and a modicum of authority. With the country having opted for the quasi-capitalistic road, the substance of the CCP as a Marxist or socialist party is gone. And with the Immortals beginning to keep their belated rendezvous with Marx, the symbols of dynastic continuity will be no more.

In the meantime, thousand upon thousand of Hong Kong and overseas Chinese as well as Westners are coming into China, each bringing tales of how citizens in the world's last remaining feudal fiefdoms have broken their shackles.

And not just the BBC and VOA but also satellite television are telling millions of Chinese that dynastic, hereditary rule will become ever more outrageously anachronistic.

On Monday, as a CCTV newsreader intoned in his stilted prose "the revolutionary spirit and lofty morals" of the departed leader, multitudes of Chinese peered into an ill-lit void. The world has spun too far, too fast for them to accept politics as usual—and to embrace a younger generation of "trustworthy Marxists" as the next batch of Immortals.

Brave new worlds are beckoning. Radical reformists and other partisans of change are already seeing a once-in-a-lifetime opportunity in the passage of the Immortals.

Shenzhen Legislator Addresses NPC Committee

OW2406154092 Beijing XINHUA in English
1444 GMT 24 Jun 92

[Text] Beijing, June 24 (XINHUA)—Shenzhen should not only be China's experimental site for economic reform but also for its legal construction, according to the city's chief legislator.

Li Youwei, chairman of the Standing Committee of the Shenzhen People's Congress, said this when commenting on a bill dealing with Shenzhen's legal autonomy under consideration at the current session of the Standing Committee of the National People's Congress (NPC), China's legislative body.

The bill was first introduced three years ago when Shenzhen—China's first special economic zone [SEZ]—still had no congress.

Li, who is attending the session of NPC Standing Committee which opened Tuesday in Beijing, noted that giving legislation rights to Shenzhen is of historic significance to its socialist commodity economy and the country's reforms and opening to the outside.

Independent legislative power is of great significance to Shenzhen in its efforts to contribute to China's reforms and opening up, said 54-year-old Li.

"The need for legislative power is the inevitable result of Shenzhen's fast development of a socialist commodity economy," said Li, who used to be the vice governor of Hubei Province in central China.

At present 96 per cent of the city's prices are open to market forces. While a system for a commodity economy has been established, it urgently needs proper judicial protection.

"Legislative power is also required for the city to deepen its reforms," said the chairman, adding that the city's legal construction now lags far behind its economic construction.

Over the past decade, Shenzhen has attracted 3.8 billion U.S. dollars. A strong legal system is of equal significance

to the investment environment if the city is to attract more foreign funds in the coming years, according to the chairman.

As an example he cited Shenzhen's Futian Free Trade Zone, which was set up three years, and has so far signed 19 agreements with foreign investors each worth more than 100 million U.S. dollars. However the lack of relevant regulations makes all of them invalid.

"The legislative power is also important to Hong Kong's returning to the Chinese mainland in 1997," Li continued.

Compared to Hong Kong, Shenzhen is currently backward at both the economic and legal level. Hong Kong now has over 250 economic laws and over 300 relevant regulations. But in the past decade, the NPC and the provincial congress have passed only 23 laws and regulations for Shenzhen.

As Shenzhen is the experimental model for both China's economic and political reforms, it is not necessary for other parts of China to follow suit, said Li.

He believes that experimentation with the legal constitution of the SEZ, whether successful or otherwise, will still benefit the country by the experience gained.

Talking on handling possible conflicts between the laws formulated by Shenzhen and those of the province or elsewhere, Li suggested handing any problems over to the Supreme Court for solution.

The city has already mapped out a plan for formulating 84 laws in the next three years but they can only be completed with independent legislative power, Li stressed.

In spite of the severe inadequacy of the laws in Shenzhen, the municipal government has invoked 430 documents in the past decade.

"These documents, after a decade of practice, are mature and ready to be turned into laws and regulations through certain legislative procedures. They can guarantee the quality of the laws formulated," added Li.

Reportage Views CPPCC Session Activities

Chen Jinhua Discusses Economic Reform

OW2406061492 Beijing XINHUA Domestic Service
in Chinese 1347 GMT 23 Jun 92

[Text] Beijing, 23 June (XINHUA)—Speaking at the 20th meeting of the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference today, Chen Jinhua, minister in charge of the State Commission for Restructuring the Economy, said enterprise reform constitutes the central link of the entire reform of the economic structure. The fundamental measures for upgrading state-run large- and medium-sized enterprises are

to thoroughly implement the Enterprise Law, to give enterprises the right of independent management, to push forward the transformation of operating mechanisms in enterprises, and to steer enterprises to move quickly toward market competition.

Chen Jinhua briefed the participants, from four aspects, on the measures for accelerating enterprise reform: To accelerate the drafting of the Regulations on the Transformation of Operating Mechanisms in Industrial Enterprises Owned by the Whole People and to truly transfer independent management rights to enterprises prescribed by the Enterprise Law; to improve and expand the contract managerial responsibility system and to further sum up, improve, and disseminate the reform experiences of the Capital Iron and Steel Company, the Wuhan Iron and Steel Company, the Jilin Chemicals Works, the Shanghai No. 2 Textile Machinery Plant, and the Nanfang Pharmaceuticals Factory; to successfully carry out experiments on forming enterprise groups and to promote the optimum organization of essential productive factors and the readjustment of enterprise structures; and to resolutely, vigorously, and steadily carry out the experiments on the share-holding system.

On improving and expanding the contract managerial responsibility system, Chen Jinhua said that 90 percent of the state-run enterprises in the country are continuing the introduction of various forms of the contract managerial responsibility system and that further improvements have been made with regard to the contract base figure and contract quota system during the second round of signing contract agreements. Experiments on input and output contract or on state assets contract have been carried out in a small number of large enterprises and enterprise groups, constituting an improvement for the contract system. Experiments on the system of separating taxes and profits and repaying debts and signing contracts after tax have been carried out in more than 2,000 enterprises. About 40,000 enterprises across the country are carrying out various forms of experiments on the transformation of operating mechanisms and on open operation, and they have scored initial results in these experiments.

Chen Jinhua said in the past 13 years and especially since the introduction of the contract system in 1981, the Capital Iron and Steel Company, as one of the first batch chosen for a reform project in the country, has successfully blazed a new trail for the reform, opening up, and development of large state-run enterprises. It has quickly transformed itself from a medium-sized company with neither advanced technology nor equipment into a giant socialist enterprise with Chinese characteristics, an enterprise with advanced technology, scientific management method, and powerful economic strength and high economic efficiency making enormous contributions. The experience of the company in expanding itself proves that the method of giving enterprises greater independent management rights and the way of "diverting water to breed fish" will enhance the productive capacity of enterprises and lead to the formation of a

good operating mechanism full of vitality. It is the same as "making the cake big." The successful experiences of the Capital Iron and Steel Company and of other enterprises that have done well prove that socialist enterprises owned by the whole people are entirely able to establish a new structure full of vitality so long as they adhere to the party's basic line and boldly carry out reforms and make explorations.

He said departments concerned should support the Capital Iron and Steel Company and giant enterprises similar to it, including corporations and enterprise groups which are economically more powerful than the Capital Iron and Steel Company and are under direct state guidance, and help steer them toward competition in the world market, so as to enhance the quality of China's large enterprises and bring its opening to the outside world to a new level.

On the experiments with the system of share-holding, Chen Jinhua said that this system is a form of operation which has emerged along with the development of a commodity economy and the expansion of socialized production. Experiments with this system conducted by enterprises throughout the country have yielded the following main results: This system facilitates the transformation of enterprises' operating mechanisms; promotes the separation of the functions of government administration and enterprise management, the separation of ownership from management, and the establishment of a mechanism of public supervision; helps to make enterprises relatively independent economic entities having full authority for management and full responsibility for their own profits and losses and for their own decisions whether to expand; leads to more channels for raising construction funds, guides the transformation of consumption funds into funds for production and construction, dissipates risks, and raises efficiency in the utilization of funds; promotes the rational flow of essential productive factors and the optimum distribution of social resources; raises efficiency in the use of state assets and increases the value of state assets while at the same time making them inflation-proof. Experiments in Shenzhen City show that after an enterprise has been established as a share-holding company, its profit rate was generally three to four percentage points higher than that before it became a share-holding company.

He pointed out the current major problems encountered in the experiment with the share-holding system: First, in addition to the lack of knowledge of the share-holding system and qualified personnel in this field, the work of enacting regulations and laws governing the norms for the organization of and experimentation with a share-holding system has lagged behind. Second, quite a number of share-holding enterprises are not standardized. Their leadership structure, management system, financial and accounting system, and operating mechanism have not changed. The original management methods, including the regulations with regard to finance, accounting, auditing, labor, personnel, taxation,

industry and commerce, and statistics, can no longer meet the needs of enterprises in their experiments with the share-holding system. Third, in the reorganization of enterprises which were switching to a share-holding system, their assets were either under-assessed or not assessed at all, leading to losses of state assets. Fourth, in addition to great fluctuations in the prices of stocks, the contradiction between share supply and share demand is acute. This condition has eroded public confidence in stocks.

He said the experiments on introducing the share-holding system among enterprises constitute an important reform conducted strictly in accordance with policy. As this involves many sectors of the economy, we must strengthen leadership. We must not only conduct experiments resolutely and boldly, but proceed steadily, and carry out this work strictly in accordance with the norms. He stressed that the share-holding system is an effective method of changing enterprises' operating mechanisms. We must vigorously create the conditions for this experiment and gradually expand it after gaining experiences.

Chen Jinhua also expressed his opinions on accelerating the cultivation and development of the market system, accelerating the reform of the housing system and the social security system, accelerating the transformation of the economic management functions of the government, and accelerating the establishment of the new system in the opening areas.

Guangdong Governor Delivers Report

OW2406223392 Beijing XINHUA Domestic Service
in Chinese 0938 GMT 24 Jun 92

[Text] Beijing, 24 June (XINHUA)—At the third general meeting of the 20th Session of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] this morning, Guangdong Governor Zhe Senlin pledged to accelerate the pace of provincial economic development and strive to catch up with Asia's "four small dragons" within 20 years.

Zhu Senlin said: After 13 years of reform, opening up, and massive construction, the province has laid a quite strong material and technological foundation that promises strength for economic development. Moreover, the "pioneering, realistic, and creative" spirit has become deeply rooted among the people and leadership of various levels throughout the province, thereby laying a sound ideological and organizational foundation for overtaking the "four small dragons."

Analyzing Guangdong's difficulties and problems in catching up with the "four small dragons" and the present conditions of the "four small dragons," the governor said: To realize the objective of overtaking the "four small dragons" within 20 years, Guangdong should work hard to establish efficient social and economic systems compatible with international standards and sound operational mechanisms for an export-oriented economy. It should do this to bring into better

play the province's crucial role in international and domestic exchanges. Efforts should be made in seven areas: vigorously intensifying the construction of energy, transportation, communications, and other infrastructure facilities, as well as construction in the raw and semi-finished materials industry; accelerating the pace of opening to the outside world and setting up an opening pattern at different levels; actively exploring international and domestic markets; striving to readjust the industrial structure and energetically developing the tertiary industry; relying on advanced science and technology to raise economic efficiency; establishing sound mechanisms for raising funds and maintaining a relatively high investment rate; and strengthening the building of spiritual civilization and developing all kinds of social undertakings.

Zhu Senlin said: In its bid to overtake Asia's "four small dragons" within 20 years, Guangdong faces an extremely arduous task and mounting difficulties. Under the leadership of the central authorities and with the support of people throughout the country, the more than 60 million people in Guangdong will work conscientiously in the face of difficulty and advance step by step to fulfill the task assigned to us by the central authorities. The history of the development of the People's Republic has time and again testified that with correct policies and perseverance, we can create miracles that will attract worldwide attention.

Dalian Mayor Wei Fuhai also made a report at the meeting. Reviewing the city's efforts to seek further progress through persisting in reform and opening and promoting economic development, he said: After more than eight years of reform and opening up, Dalian has made much headway in its economic development and all fields of social endeavor. In recent years, the state has granted the city a number of additional preferential policy measures, approving the establishment of the bonded zone, the high and new technology and industrial park, and foreign-funded banks. We have further defined our goal for the 21st century as follows: focusing our attention on developing an export-oriented economy and opening the city wider to the outside world in all fields; continually deepening reform and introducing new economic systems and operational mechanisms that can help develop an export-oriented economy; and encouraging scientific and technological progress and the development of the commodity economy for prefulfilling the objective to quadruple gross industrial and agricultural production and turning Dalian into an economic, trade, and financial center of East Asia. On measures Dalian should take to realize the above-mentioned goal, the mayor called for breakthroughs in opening up, greater momentum in reform, and a new stage of economic development.

Gu Mu, vice chairman of the CPPCC National Committee, chaired today's meeting. Among those who attended the meeting were vice chairmen Hong Xuezhai, Wang Guangying, Deng Zhaoxiang, Ma Wenrui, Wang Enmao, Qian Weichang, Hu Sheng, Cheng Siyuan, Lu

Jiaxi, Su Buqing, Ismail Amat, and Ding Guangxun; and Secretary General Song Demin.

CPPCC Work Forum of Eight Provinces Held

SK2506100092 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 24 Jun 92

[Text] The forum on the work of the Chinese People's Political Consultative Conference [CPPCC], attended by responsible persons of the CPPCC Committees from eight provinces, municipalities, and region, was held in Jinan on 24 June.

Jiang Chunyun, secretary of the Shandong Provincial CPC Committee; and Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor, extended greetings to the forum and also introduced the provincial reform, opening up, and economic development situation at the forum. Li Zichao, chairman of the Shandong Provincial CPPCC Committee, chaired and addressed the forum.

He said: The annual forum attended by the CPPCC Committees of the eight provinces, municipalities, and region was held for five consecutive years. We explored ways at the forum to learn from each other and go forward hand in hand. Through the forum, we have narrowed our relations and strengthened the friendship with the CPPCC Committees of the brotherly provinces, municipalities, and region; and learned many good experiences from them. All of this has played a key role in improving and achieving the province's CPPCC work.

Present at the forum were responsible comrades of Tianjin, Hebei, Shanxi, Inner Mongolia, Henan, Liaoning, and Shandong. They exchanged experiences in conscientiously studying and implementing the guidelines of the plenary session of the Political Bureau of the CPC Central Committee, the guidelines of Comrade Deng Xiaoping's important speeches, and the experiences in taking the economic construction as a key link and serving the deepening of reform and the expansion of the open scale; explored new ways for further emancipating the mind, bravely doing pioneering work, and making efforts to improve the CPPCC work; and also exchanged opinions and discussed specific measures for strengthening the lateral contacts among the CPPCC Committees of the eight provinces, municipalities, and region.

Wang Fang Attends Drug Book Publication Ceremony

OW2306142992 Beijing XINHUA Domestic Service
in Chinese 0832 GMT 23 Jun 92

[By reporter Zhou Lixian (0719 4539 2009)]

[Text] Beijing, 23 June (XINHUA)—"An Educational Reader for Anti-Narcotics," reading material for children and young men on the dangers of drugs, was formally published today.

Drug use is a major social problems in the contemporary world. At the 42d session of the U.N General Assembly

in 1987, a resolution was adopted to observe an annual International Anti-Narcotics Day on 26 June. This represents the deep concern of the international community for drug use problems and its determination to fight drugs. In recent years, affected by a flood of narcotics from other parts of the world, problems with drug use have reappeared in China. In order to strengthen the struggle against problems associated with drug use and to help children and young men in particular understand the dangers of drugs, the Anti-Narcotics Committee, formed one year ago, compiled this book.

From both historical and practical perspectives, the 30,000-word book explains why drug use problems are a great issue bearing on the strength of a country, prosperity of a nation, health and happiness of future generations, and success of China's efforts in reform and opening to the outside world.

Wang Fang, director of the Anti-Narcotics Committee, attended the first publication ceremony at the Great Hall of the People today.

Shanghai Paper Views Socialism, Capitalism

HK2306004092 Beijing ZHONGGUO XINWEN SHE
in English 1433 GMT 22 Jun 92

[Text] Shanghai, June 22 (CNS)—The surname of reform and openness is certainly socialism and not capitalism, commented an article on the surname of reform and openness published by the Liberation Daily today.

After criticizing a series of erroneous views such as "three type foreign enterprises are the hotbed of capitalism," the article pointed out that "poor socialism" under the influence of leftist guiding thought for more than 20 years before reform and openness while bearing the surname "socialism" was a superficial socialism which failed in its attraction and cohesion with the people.

The reform and openness being undertaken by China at present aims to liberate and develop the production forces, to say goodbye to poverty by realizing a well-to-do life and to upgrade the attraction and cohesion of socialism. The surname for such kind of reform and openness is certainly socialism and not capitalism, the article said.

Commenting on the topic of opening to the outside world and the introduction of foreign things, the article said, "For quite a long time in the past, in treating the question of capitalism, we used to see or to see more that side of it in opposition to socialism and seldom noticed the other side which is that socialism can learn from, cooperate with and utilize capitalism." The article further pointed out that "we have to learn and utilize all the useful things of capitalism. In this regard, our thoughts have to be more liberated and bolder and with a faster pace, for this itself is a great practice of socialism."

Science & Technology

Jiang Zemin Commends Satellite Tracking Station

OW1406233492 Urumqi XINJIANG RIBAO in Chinese
16 May 92 p 1

["The Central Military Commission Awards a Citation for Collective Merit, First Class, to the Kashi Tracking and Control Station; Award Ceremony Held in Kashi; dispatch from Kashi by reporter Wang Wenxian (3769 2429 3759)"]—XINJIANG RIBAO headline]

[Text] The National Defense Science, Technology and Industry Commission held a meeting in Kashi on 15 May to celebrate the Citation for Collective Merit, First Class, awarded by the Central Military Commission to the Kashi station—China's astronautical tracking and control station No.1—under the Xian Satellite Tracking and Control Center.

The Kashi tracking and control station is the westernmost fixed tracking and control station in China's astronautical tracking and control network. It shoulders the task of tracking and control of intermediate- and low-orbit satellites and the tracking of intermediate-range guided missiles. During the last 24 years, members of the station have kept improving themselves, worked hard and achieved a 100 percent rate of success. They have successfully accomplished the tracking and control of 26 satellite carrier rockets, as well as 33 large-scale scientific experimental tasks; and gathered some 1,900 important scientific data. From the station, the staff members have issued more than 2,000 radio remote control orders to satellites and have exercised effective satellite control more than 4,700 times. They have ensured normal operations for satellites and have made great contributions to the improvement of China's strategic rockets. The station has been commended 29 times in a row by the Central Military Commission, the National Defense Science, Technology and Industry Commission, the former Urumqi Military Region, and the Kashi Prefecture. In 1987, it was awarded a Citation for Collective Merit, Third Class, for the successful rescue of the first new-type retrievable satellite. In 1991, it was named an advanced unit of the People's Liberation Army [PLA]. On 11 April, Jiang Zemin, chairman of the Central Military Commission, issued an order awarding it the Citation for Collective Merit, First Class.

Lieutenant General Cui Yi, deputy political commissar of the National Defense Science, Technology and Industry Commission, read the Central Military Commission order to the meeting. Also read at the meeting was a decision of the National Defense Science, Technology and Industry Commission calling on all subordinate units to launch a campaign of learning from the Kashi station.

Present at the meeting were leading comrades from the Xinjiang Autonomous Region, the Xinjiang Military

District, and Kashi Prefecture; and representatives of PLA and armed police units, as well as the production and construction corps.

Keyum Bawudun, a member of the standing committee of the Xinjiang autonomous regional party committee and vice chairman of the Xinjiang autonomous regional government, took a special trip from Urumqi to Kashi to attend the meeting. On behalf of the autonomous regional party committee and people's government, he extended his warm congratulations and cordial regards to the members of the Kashi station.

Comrade Keyum Bawudun said: People of all nationalities in Xinjiang are proud of the achievements made by the members of the astronautical tracking and control station who are in a poor natural environment and poor working and living conditions in the country's northwest frontier region. We would like to learn from them and salute them. At the same time, we hope that they will continue to display the spirit of hard struggle and dedication and make even greater contributions to our country's astronautical industry in the course of reform and opening to the outside world.

Zou Jiahua Urges Integrated Circuit Development

HK2206013892 Hong Kong CHING-CHI TAO-PAO
in Chinese No 23, 15 Jun 92 p 11

["China Economic News" article: "Policy of Walking on Two Legs Should Be Adopted in Developing Integrated Circuit Industry"]

[Text] Vice Premier Zou Jiahua pointed out: Proceeding from the needs of various trades and professions, we should break a new path of integrated circuit development with Chinese characteristics.

Generally speaking, he said, there are two ways in developing integrated circuits: One is to develop a universal circuit, start from dynamic storage, carry out mass production, and develop economy of a scale; the other is to develop a special integrated circuit and produce it in a limited quantity but a large variety. As a matter of fact, the two ways complement rather than oppose each other. As regards China, it is certainly necessary to develop a universal circuit. In consideration of China's current circumstances and the reality that the price of universal circuits is continuously dropping and that they can be purchased in large quantity in the international market, we should first develop special-purpose integrated circuits. This does not mean that we will not develop conventional production lines. We should find a way which is conducive to the acceleration of our growth.

Zou Jiahua also pointed out: The key to developing special-purpose integrated circuits lies in establishing large numbers of integrated circuit design centers as quickly as possible to resolve the variety problem. To develop the integrated circuit industry, he said, we

should proceed from resolving problems and the consumers' actual needs rather than simply seeking a technological level.

Wang Bingqian Pledges More Funds for Science

OW1706211892 Beijing XINHUA Domestic Service
in Chinese 1405 GMT 17 Jun 92

[Text] Beijing, 17 Jun (XINHUA)—State Councillor Wang Bingqian, who is also minister of finance, said here this afternoon that beginning next year more funds will be allocated from state finances for scientific research in order to alleviate the current shortage of funds for research.

Wang Bingqian made the above remarks at a meeting held today by the Chinese Academy of Sciences [CAS] and the Finance Ministry. Prior to the meeting, CAS President Zhou Guangzhou accompanied the minister on a tour of the Institutes of Computer Technology, Chemistry, and Biophysics.

Wang Bingqian said: Although the CAS has good foundations and many talented people with great potential, its further development has been constrained by limited research funds.

He noted: Scientific progress is closely tied to funding. Preferential policies should be adopted to more effectively support work which is related to science.

He pointed out: Scientific progress is the vanguard for economic development. A small investment of state finances in science can go a long way. We should take advantage of the current great opportunity of reform and opening up by allocating more funds for scientific research.

He added: Aside from the state allocation, funds for scientific research should be solved through appropriations for key scientific and technical projects, loans from domestic banks and the World Bank, and creative works by scientists.

Hubei's Xiangfan Sets Up Development Zone

OW2006112992 Beijing XINHUA in English
1018 GMT 20 Jun 92

[Text] Wuhan, June 20 (XINHUA)—Xiangfan city in central China's Hubei Province has invested 210 million yuan in the construction of a new and high technological development zone.

The Xiangfan New and High Technological Development Zone, the second in the province, covers 5.5 square kilometers. After three years' construction, 12 state and local research institutes and 11 enterprises have incorporated in the zone with 4,000 scientists and technicians.

In the past three years, institutes in the zone have undertaken 11 major research and development projects and some have been put into production already. The conductive rubber has reached the advanced level in

China; the phosphosilicate diode temperature sensor has become a product to replace the existing low-temperature instruments; the high-speed filter cigarette mills have accounted for a half of the domestic market share.

So far, the zone has invested 55 million yuan in the 11 projects which will produce an annual output value of 400 million yuan and yield profits and taxes of 80 million yuan after all of them are put into production.

Local officials said that the zone developed 100 new products in 1991 alone.

The primary success of the development zone attracted a large number of overseas businessmen at a fair held in Shenzhen earlier this month.

Mayor Jia Tianzeng said the city plans to invest 1 billion yuan in the coming years to build a new and high technology street, a high-tech trading center, silicon carbide temperature sensors, precision pressure sensors, commercial cash registers, peripheral equipment for computers, laser machines and life-saving facilities for space flight.

295 Maritime Satellite Mobile Stations Built

OW2106155692 Beijing XINHUA in English
1530 GMT 21 Jun 92

[Text] Beijing, June 21 (XINHUA)—China has built 295 maritime satellite mobile ground stations since the Beijing Ground Station for Maritime Satellite Communications opened in June last year.

In the first ten months after its opening the station handled 560,000 telephone calls and fax messages for ships and vehicles. About one third of China's ocean-going ships now have satellite receivers.

The Beijing station's antennae are calibrated toward the international maritime communications satellites over the Pacific and Indian Oceans.

Further Report

OW2106114392 Beijing XINHUA Domestic Service
in Chinese 2141 GMT 20 June 92

[By reporter Wang Yanrong (3769 1693 2837)]

[Text] Beijing, 21 June (XINHUA)—Since the inauguration of the Beijing Maritime Satellite Ground Station of the International Maritime Satellite Organization [IMSO], China has rapidly developed its mobile surface stations [MSS]. With its MSS's now totaling 295, China leads IMSO member countries in the growth rate of such stations.

Once connected with a 20-kg maritime satellite MSS, anyone at any location can communicate with or send facsimile messages to any corner of the world. Opened in June last year, the Beijing Maritime Satellite Ground Station has two large antennae. With each of the

antennae pointing to an IMSO communications satellite above the Pacific and Indian Oceans respectively, the ground station can provide all-weather services to vessels as well as mobile land-based vehicles in the two regions. During the 10 months since its inauguration, the ground station has put through 56,000 telephone calls and facsimile messages. Of these, 31,000 land-bound telephone calls and facsimile messages were from Chinese vessels, and another 13,000 land-bound telephone calls and facsimile messages were from foreign vessels.

Presently, the Beijing Maritime Satellite Ground Station is attracting an increasing number of customers with its fast, accurate, and good telecommunication services. One-third of China's seagoing fleet has installed MSS's. Last year, the ground station also provided direct services to China during its fight against catastrophic floods. This year, the ground station plans to extend its services to the passenger aircraft of the Civil Aviation Administration of China.

Surveyors Use Satellites To Build Ground Network

OW1606132992 Beijing XINHUA Domestic Service
in Chinese 0726 GMT 16 Jun 92

[By correspondent Wang Dou (3769 4535) and reporter Hu Nianqiu (5170 1628 4428)]

[Text] Beijing, 16 June (XINHUA)—China yesterday successfully completed the task of building a high-precision ground network system throughout the country by applying the technology of the global satellite positioning system for the first time. The measurement precision of this ground system was up to advanced world standards.

Building ground networks throughout the country is an indispensable basic task for modernizing the country's economy and strengthening its national defense. Location data from the ground networks are essential in launching satellites, testing guided missiles, and constructing major projects.

Since the founding of New China, China's mapping departments have built a giant ground system comprised of 200,000 delta stations. With the development of space technology and high technology, China has set higher demands on mapping work. Following a unified plan, the Mapping Bureau of the General Staff Department of the Liberation Army began working last January to build 46 first-class network locations in Xinjiang, Tibet, Inner Mongolia, northeast China, Hainan, the Nansha [Spratly] Islands, and Xisha [Paracel] Islands, applying the technology of the global satellite positioning system for the first time. The task of building the networks was completed in a short period of one and one-half years.

During their surveying work, the mapping officers and soldiers discarded their old method of merely using astronomical theodolites to survey fixed stars. Instead, in accordance with the requirements of the global satellite positioning system, in each network location they

used receivers to receive the signals transmitted from man-made satellites from space. In this way they were able to obtain coordinated data from the high-precision ground system, thereby speeding up their surveying work. Mapping experts from relevant departments in China said that the fact that China was able to build ground networks throughout the country and on ships in such a short period of time is something rarely seen internationally.

Commercial Satellite Network Takes Shape

OW2106113292 Beijing Central People's Radio
Network in Mandarin 2230 GMT 20 Jun 92

[From the "National Hookup" program]

[Text] After 20 years of development, a commercial satellite communications network has begun to take shape in China. This means that China has entered another stage of satellite communications.

It was learned that the China National Petroleum Corporation and other enterprises have signed lease contracts to use satellite transmitters.

China began to use satellites for communication purposes in 1971. In 1984, China launched its first communications satellite. It has launched five communications satellites over the past 10 years and established four international earth stations in Beijing, Shanghai and other places. It has more than 2,000 international satellite circuits. More than 300 cities and counties in China can now communicate with 180 and more countries and regions via satellites. Except for communications between Guangzhou and Hong Kong and Macao, more than 80 percent of international communications are connected through communications satellites. Thanks to satellite communications, the problems of maintaining communications between China's border and remote areas and the outside world have been solved. With communications satellites, programs of the Central People's Broadcasting Station and the Central Television Station are accessible to people across the country.

It was announced that, as of the end of this year, China will have 10 large surface stations for satellite communications, with 15,000 single-way circuits. A communications satellite, which has 24 transmitters solely developed by China, will be launched by an "East Is Red Number Three" rocket next year.

Satellite Communications Development Progress

OW1706011092 Beijing XINHUA Domestic Service
in Chinese 0820 GMT 16 Jun 92

[By reporter Wang Yanrong (3769 1693 2837)]

[Text] Beijing, 16 Jun (XINHUA)—Satellite communications are developing rapidly in China, and relevant businesses are on the right track. Today, the China Communications and Broadcast Satellite Corporation,

which undertakes the development and operation of satellites' space sections [kong jian duan 4500 7035 3008] signed a five-year contract on the leasing of communications satellite repeaters, with its first client, the China Petroleum and Natural Gas Corporation. This marks the beginning of the commercialization of the space sections of China's communications satellites.

China's satellite communications began in 1971. Since then, China has successfully launched five communications satellites, and built four international earth stations, including the ones in Beijing and Shanghai. The nation now owns over 2,000 international satellite circuits, 14 domestic stations, and over 1,000 domestic circuits. To date, 321 cities and counties in China can maintain communications with 180 countries and regions via satellites. In addition to international communications between Guangzhou and Hong Kong and Macao, satellites undertake over 85 percent of the nation's international communications and solve the communications problems in China's remote areas. China also has over 30,000 stations for receiving televised programs transmitted through satellites, and 600 million people can watch programs of four networks of the Central China Television through satellites.

People have attached increasing importance to using satellite for communications. To improve the management and development of communications satellites' space sections, the state has designated the China Communications and Broadcast Satellite Corporation to take charge of satellites' communications channels. The corporation is now making efforts to develop and use the resources of space sections at home and abroad so that it can provide clients with space channels for satellite communications.

Research on Critical Bloch Line Temperature Noted

OW2106112192 Beijing XINHUA Domestic Service
in Chinese 0303 GMT 21 June 92

[By reporter Jing Ruoyue (2529 1172 2588)]

[Text] Our country has joined the advanced world ranks following its research into ferromagnetic domain wall physics in which scholars have discovered the critical temperature at which perpendicular Bloch lines disintegrate.

One of the frontier disciplines in magnetism research in modern physics, ferromagnetic domain wall physics is a branch of learning devoted to the study of the structure, characteristics, and pattern of ferromagnetic domain walls. According to experts, ferromagnetic materials are composed of many substances called "ferromagnetic walls," each of which is equivalent to a small magnetic needle. The space between such walls is called a ferromagnetic domain wall. Under extraordinary circumstances, "perpendicular Bloch lines" can develop in a ferromagnetic domain wall. The formation and disintegration of those lines, which appear in pairs, can be exploited to carry information. Using this property,

experts have developed a high-density, large-capacity memory device, which is the indispensable "cerebrum" of a computer.

In 1983, a Japanese scholar advanced the concept of using perpendicular Bloch lines to produce high-density memory devices. The storage density of these devices is many times—in multiples of 10 or even 100—that of magnetic bubble memory devices currently used by developed countries in such high-technology areas as astronautics, military science, and automated machine tool control. Moreover, these devices possess such properties as high reliability, nonvolatility, and resistance to inclement weather. For this reason, they are the subject of research done by Japanese, French, American, German, and British scholars. However, the stability of perpendicular Bloch lines is contingent upon temperature and other factors. Temperatures higher than a certain level can destroy or even totally disintegrate the stability of those lines, thus eliminating their storage capacity. Hence, the stability of perpendicular Bloch lines is one of the crucial research topics whose thorough investigation is imperative.

Associate Professor Nie Xiangfu and his associates from the Department of Physics of the Hebei Teachers University have cooperated with Associate Research Fellow Han Baoshan of the Institute of Physics at the Chinese Academy of Sciences. They have carried out relevant, applied basic research projects since a Japanese scientist advanced the concept of developing a high-density memory device. After several years of hard work, they have made many discoveries that have attracted the attention of the international magnetism community. One of the findings is the discovery—the first in the world—of the critical temperature at which perpendicular Bloch lines disintegrate and the method for testing and measuring it. The discovery helps determine the range of temperatures for developing high-density memory devices in the future and provides important parameters on the stability of perpendicular Bloch lines. It won acclaim from experts who were invited to report their findings at the 1988 international magnetism conference in Paris.

Nie Xiangfu and his associates have also suggested a new taxonomical method for hard ferromagnetic domains. This method has provided the basis for research into the still-unresolved micromagnetism theoretical issue regarding the numerical effect of perpendicular Bloch lines during the transition from "quantitative changes to qualitative changes." It has also laid the foundation for research into the storage limits of high-density memory devices.

Physicists in our country say that the research projects undertaken by Nie Xiangfu and his associates have strong academic value, can guide basic theoretical research with practical applications, measure up to advanced international standards, and have engaged the attention of relevant circles in foreign countries.

Progress Reported in Quantum Optics Research

OW2206160692 Beijing XINHUA in English
1420 GMT 22 Jun 92

[Text] Beijing, June 22 (XINHUA)—China has made new progress in the experimental use of a two-mode squeezed state of light, at the Light and Electronics Research Institute at Shanxi University in north China.

The success of the experiment will be of great importance in revealing the physical origin of the radiation field and is expected to be applied in weak signal detection, optical telecommunications and atomic and molecular physics.

Undertaken by the Light and Electronics Research Institute and the Physics Department of Chinese University of Science and Technology, the experiment is a project of the National Natural Science Fund and the Provincial Natural Science Fund of Shanxi.

The experiment was carried out under the supervision of Professor Peng Kunchi, the president of Shanxi University and the director of the Light and Electronics Research Institute.

Peng worked on this subject at the J. Kimble Laboratory at the California Institute of Technology in 1989. He said that the experiment filled the gaps in China's research of quantum optics.

English-Chinese Translation Machine Developed

OW2306144292 Beijing Central Television
Program One Network in Mandarin 1100 GMT
23 Jun 92

[By reporter Liu Tieling (0491 6993 1545) and Wang Junxian (3769 0193 0300); from the "National News Hookup" program]

[Text] China has made a new, important breakthrough in the processing of language information. An intelligent English-Chinese machine translation system, IMT/EC, has been successfully developed by the Institute of Computing Technology under the Chinese Academy of Sciences.

As a key information technology project under the state's 863 high-technology plan, the intelligent English-Chinese translation machine system is capable of translating an entire article instead of merely translating terms and sentences as was the case in the past. All one has to do is input an English article into the computer, and the system will automatically translate it into Chinese and print it out.

The system has achieved major breakthroughs in dealing with complicated sentences, differentiating and selecting among various meanings of a word, handling the context of an article and incomplete sentences, analyzing a variety of knowledge, and acquiring and applying the knowledge of machine translation.

Military

Jiang Zemin Issues Rules on PLA Documents

OW2406191992 Beijing XINHUA Domestic Service
in Chinese 0706 GMT 24 Jun 92

[Text] Beijing, 24 June (XINHUA)—Jiang Zemin, chairman of the Central Military Commission, has recently signed an order promulgating the "Regulations for Handling Office Documents of the Chinese People's Liberation Army [PLA]," which will become effective within the Army on 1 July. The promulgation of the comprehensive statute standardizing the work for handling office documents will usher in a new era in which the Army's office documents are to be handled according to legal procedures.

Office documents are an important tool and basic means for leading organs at all levels in the Army to perform duties, issue orders, and supervise troops. There has been a new and higher demand on the Army for its office documents and along with this, progress has been made by the Army to make it more revolutionary, modernized, and standardized, with changes in the ways to issue orders and carry out office work, as well as the introduction of state organs' standardized forms for official documents. Hence, after carrying out thorough investigations and studies and soliciting opinions from various circles, the General Office of the Central Military Commission drafted the "regulations," which have been approved and promulgated by the commission as standards to be used by Army organs at all levels for handling office documents. With comprehensive and systematic contents, the "regulations" consist of 44 articles in eight chapters and constantly embody the guiding principle of "practical approach." The regulations emphasize in particular the need to adhere to the ideological line of seeking truth from facts in handling office documents, improving work style and methods of leading organs at all levels, raising the quality of office documents, cutting back the volume of office documents, and guarding against and overcoming bureaucratism, formalism, and red tape. The promulgation of the regulations will have a positive effect in implementing policy decisions of the party Central Committee and the Central Military Commission, exercising effective command and supervision over troops, and setting up standardized work procedures.

Mao Zedong's Militia Instruction Commemorated

Hainan Governor Addresses Conference

HK2406102892 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 17 Jun 92

[Excerpts] A three-day provincial conference on commemorating the 30th anniversary of the publication of the late Chairman Mao Zedong's three-implementation instruction on militia work, as well as on stepping up grassroots militia work, ended yesterday afternoon.

[Provincial Governor] Liu Jianfeng, Xiao Xuchu, Gong Pingqiu, Chen Suhou, Zhang Deren, Deng Hanmin, Zhou Chuantong, Zhu Jifa, some provincial armed forces work committee members, as well as persons in charge of various departments concerned attended the conference.

Zhou Chengke, deputy director of the General Staff Mobilization Department, also attended and delivered a speech at the conference.

The leaders attending the conference conferred silk banners and certificates of merit on a total of 51 advanced units and 21 advanced individuals who had excelled in militia building work.

At the conference, Xiao Xuchu, provincial party standing committee member and provincial military district commander, made a provincial militia work report.

Deng Hanmin, provincial military district deputy political commissar, relayed the spirit of a national grassroots militia-reserve-force-building work conference, as well as the spirit of a similar conference held by the Guangzhou military region. [passage omitted]

Gong Pingqiu, provincial military district political commissar, made a speech in which he said: To successfully step up grassroots militia work, we must first and foremost deepen understanding in this connection and become more conscious in stepping up grassroots militia work; second, we must strictly comply with the established standards and improve grassroots militia work quality; third, we must focus on key aspects and comprehensively develop grassroots militia work; fourth, we must undertake clear-cut responsibilities and strengthen leadership over grassroots militia work in real earnest.

Liu Jianfeng, provincial armed forces work committee chairman and provincial governor, delivered a speech in which he called for further stepping up of leadership over national defense reserve force building.

Liu Jianfeng stated: In an era marked by reform and opening up, we must correctly view the dialectical relations between economic construction and national defense building, attach proper importance to militia work from a high and strategic plane and by proceeding from the long-term interests of the state and the nation, correctly comprehend both position and role of militia forces in defending and building the Hainan Special Economic Region, and enable militia work and economic work to promote each other and develop in a coordinated way. To this end, leaders at all levels across the province must show concern for militia building work, take the initiative to solve problems and do realistic things for militia units, and mobilize all departments, trades, and professions concerned to show concern and support for militia building work with a view to forming a unified force in stepping up militia building work. We should also give full scope to both the backbone role and the leading role of militia units in building

two civilizations with an eye on maintaining stability in and promoting development of the Hainan Special Economic Region.

Guizhou Secretary Addresses Ceremony

HK2306110992 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 17 Jun 92

[Excerpts] Today, a grand military review was staged at the parade ground of the provincial military district to solemnly commemorate the 30th anniversary of the publication of the late Comrade Mao Zedong's three-implementation instruction on militia work.

On 19 June, 1962, the late Comrade Mao Zedong issued an instruction on organizationally, politically, and militarily implementing militia work, thus charting a clear-cut orientation for both militia force building and national defense reserve force building.

Major General Jiang Hongquan, Chengdu Military Region deputy commander; Liu Zhengwei, provincial party committee secretary; Provincial Governor Wang Chaowen; Su Gang, provincial advisory committee chairman; Zhang Yuhuan, provincial people's congress standing committee chairman; Long Zhiyi and Jia Minde, provincial party committee deputy secretaries; Liu Hanzhen, provincial discipline inspection commission secretary; Major General Zhu Qi, provincial military district commander; Major General Yu Zhonggui, provincial military district political commissar, and other provincial party, government, and military leading comrades were seated at the rostrum.

Major General Zhu Qi, provincial military district commander, acted as commander-in-chief of today's military review, which started at 0900 this morning.

Major General Zhong Liming, provincial military district deputy commander, presided over the military review ceremony. [passage omitted]

Jiang Hongquan, Chengdu Military Region deputy commander, and Liu Zhengwei, provincial party committee secretary and provincial military district party committee first secretary, delivered speeches at the ceremony.

Liu Zhengwei said: Comrades, we have gathered here in Guiyang today to hold a grand military review and military performances to solemnly commemorate the 30th anniversary of the publication of the late Comrade Mao Zedong's three-implementation instruction on militia work. On behalf of the Guizhou Provincial CPC Committee, the Guizhou Provincial CPC Advisory Committee, the Guizhou Provincial CPC Discipline Inspection Commission, the Guizhou Provincial People's Congress, the Guizhou Provincial Government, the Guizhou Provincial Chinese People's Political Consultative Conference Committee, and the Guizhou Provincial Military District, I would like to take this opportunity to express heart-felt thanks to the leaders of Chengdu Military Region, who have for so many years shown

great concern for Guizhou's militia work, express warm welcome to all the distinguished guests present at today's military review, and pay sincere tribute to all the provincial militia reserve force units.

In their speeches, the two leaders stated: Over the past 30 years, Guizhou has conscientiously implemented the late Comrade Mao Zedong's three-implementation instruction on militia work and achieved remarkable results in building the militia reserve forces. [passage omitted]

Jiang Hongquan and Secretary Liu Zhengwei expressed the hope that the broad masses of Guizhou's militia reserve force officers and soldiers will carry forward the People's Liberation Army's glorious traditions, promote reform and opening up, and make more contributions to Guizhou's rejuvenation and Guizhou people's prosperity. [passage omitted]

Jiangxi Military Commander Comments

HK2506110792 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 18 Jun 92

[Speech by Zhang Chuanshi, provincial party committee Standing Committee member and provincial military district commander: "Forever Advance in Three-Implementation Orientation With Giant Strides"—date and place not given; recorded]

[Excerpts] On 19 June 1992 we mark the 30th anniversary of the publication of the late Comrade Mao Zedong's three-implementation instruction on militia work. On behalf of the provincial party committee, government, and military district, I would like to take this opportunity to extend warm regards to the broad masses of cadres, militiamen, and reserve force officers and soldiers fighting on the provincial armed forces work front; and to extend heartfelt thanks to the broad masses of the people across the province who have for years shown warm concern and active support for the provincial militia reserve force building work!

Over the past 30 years, under the guidance of the late Comrade Mao Zedong's three-implementation instruction on militia work, the provincial militia reserve force building work has made much headway and scored phenomenal achievements. Especially since the Third Plenary Session of the 11th CPC Central Committee, the provincial national defense reserve force building work has witnessed a strategic transformation in its guiding ideology. [passage omitted]

At the moment, the whole country is going all out to conscientiously implement the spirit of a series of important speeches made by Comrade Deng Xiaoping during his south China tour and further quicken the pace of nationwide reform and opening up. This new situation has not only set fresh and higher requirements for the militia reserve force building work but also provided fresh opportunities and new conditions for its further development. We must make the most of the current excellent opportunities, carry forward a pioneering

spirit, redouble efforts to strengthen work at the grass-roots level, step up implementation work, improve work quality, continually explore a new road leading to the three implementations [organizational, political, and military] in militia work, and educate the broad masses of militiamen and reserve force officers and soldiers across the province to accept reform, opening up, and economic construction. [passage omitted]

Jiangxi, an old liberated revolutionary area, has always had a fine tradition of the party controlling and managing the Armed Forces. Under a new situation marked by deep-going reforms, so long as we brace up, continuously forge ahead, work in real earnest and in a down-to-earth manner, push ahead with reform, and carry out more innovative work in compliance with three-implementation criteria and requirements, we will definitely be able to further develop the provincial militia reserve force building work and push it onto a new stage.

Gansu Secretary, Others Inspect Militia

HK2406050092 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 19 Jun 92

[Excerpts] To mark the 30th anniversary of the publication of Comrade Mao Zedong's instruction that militia work must be carried through organizationally, politically, and militarily, a provincial rally to review militia reserve forces was held on a certain training ground in the Lanzhou Military Region. [passage omitted]

Fu Quanyou, commander of the Lanzhou Military Region; Political Commissar Cao Pengsheng; provincial party committee Secretary Gu Jinchu; and Governor Jia Zhijie, accompanied by (Sun Peiping), commander of the Shaanxi Provincial Military Command, and Political Commissar (Li Zhong), rode in an open car and reviewed the reservists in square formation. [passage omitted]

Gu Jinchu and Fu Quanyou addressed the rally.

[Begin recording] [Gu Jinchu] The leadership and rank and file across the province are presently studying in depth and implementing the spirit of the speeches made by Comrade Deng Xiaoping during his south China tour, and the CPC Central Committee Political Bureau plenary session as well as the spirit of the fifth session of the seventh NPC. The new situation of deepening reform, increasing the scope of opening, and expediting economic construction is prevailing throughout the province. [end recording]

Gu Jinchu continued that the basic spirit of Comrade Deng Xiaoping's speeches also serves a guide in our efforts to build up reserve forces to strengthen national defense. Work concerning militia reserve forces must be subject to and serve the overall interests of economic construction. Reserve forces must play a supportive role in our reform and opening and must guarantee prolonged political stability.

Fu Quanyou called on the broad masses of reservists to actively support and join in reform, make contributions

through performing their own duties, and work for social stability and economic take-off in Gansu.

Also attending the rally were Li Ziqi, Xu Feiqing, Ge Shiyang, Lu Kejian, Yan Haiwang, and others. [passage omitted]

Jiang Chunyun Attends Events

SK2006073492 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 19 Jun 92

[Text] Over the past few days, various cities and prefectures throughout our province have successively sponsored various activities, including military parades, war exercises, commemorative meetings, and forums, to mark the 30th anniversary of the directive issued by Comrade Mao Zedong on carrying out the militia work organizationally, politically, and militarily. Attending the commemorative activities sponsored by various cities and prefectures were leading comrades from provincial-level organs, the Jinan Military Region, and the provincial military district, including Jiang Chunyun, Zhao Zhihao, Yan Zhuo, Cai Renshan, Yi Yuanqiu, and Liu Guofu.

Over the past 30 years, our province has made marked achievements in the formation of militia forces. Exerting an important influence on the militia work throughout the country were the experiences gained in building regular armed forces by the military subdistrict of various cities and prefectures across the province, the people's armed force departments at the county level and city level, and the armed force departments at the grass-roots level; the experiences gained in building grass-roots units in charge of militia work; the experiences gained in managing or utilizing the training bases of militia forces; and the experiences gained in enhancing the national defense education on combining industry, agriculture, commerce, education, and military affairs for unified leadership and management. The broad masses of militiamen have played an important role in making the economy prosperous, rushing to deal with emergencies, providing disaster relief, maintaining social peace, and safeguarding coastal defense.

Shanghai Fetes Militia Development

OW2206142892 Shanghai JIEFANG RIBAO in Chinese
19 Jun 92 p 2

["Militia's Meritorious Services Must Not Be Denied in Pudong's Development and Shanghai's Revitalization"—JIEFANG RIBAO headline]

[Text] A meeting to mark the 30th anniversary of Chairman Mao's "three-point instruction" on militia work was solemnly held in Shanghai Municipality yesterday afternoon. The meeting asked the vast number of militia members to fully exploit their role as a principal force in economic construction, as leaders in spiritual civilization, as an assault force in emergencies and in disaster relief work, as a guard in protecting public

security, and as a promoter in "double support" work, so as to make new contributions toward Pudong's development and Shanghai's revitalization.

While inspecting central and southern regions on 19 June 1962, Chairman Mao pointed out: "The militia's organizational, political, and military work should be implemented." In the past 30 years, Shanghai has achieved marked results in its militia work. In particular, since the beginning of reform and opening to the outside world, Shanghai has continued to build a militia with characteristics of a metropolis. It has primarily established a militia system and reserve duty system, as well as a system for combining militia work with troop mobilization in times of war. Over 800 bases in defense education have been established in the municipality. Some 10,000 service teams comprising over 200,000 militia members are actively helping the masses throughout the municipality solve their problems and difficulties. People's armed forces at all levels actively play a coordinating role between the people and government. The militia's organization, training, and equipment control work have moved onto a path of coordinated development. The passing rate in military training is over 98 percent. Accidents have not occurred in the militia's ordnance control for eight consecutive years. Encouraging improvements have been achieved in the construction of militia training bases and outposts and in student troop training.

Yesterday's meeting was chaired by Zhu Xiaochu, vice chairman of the People's Armament Committee of the municipal party committee and political commissar of the People's Liberation Army [PLA] Shanghai garrison. Xiang Shourong, deputy commander of the PLA Shanghai garrison, read a commendation circular for 203 advanced militia grass-roots units, 303 advanced militia cadres, and 222 cadres of specialized people's armed forces who have worked for over 20 consecutive years. Militia cadre Tao Yijia read a "proposal to the entire municipality's militia" on behalf of all the meeting participants.

Ni Hongfu, deputy municipal party secretary and vice chairman of the People's Armament Committee of the municipal party committee, and Xu Wenyi, vice chairman of the municipal party committee's People's Armament Committee and commander of the PLA Shanghai garrison, attended and spoke. They stressed: We must uphold the fine tradition of the party in controlling the armed forces. Party committee, government, and people's armed forces departments at all levels must possess astute and strategic foresight. In times of peace, we should not only be prepared for prosperity but also for danger. We should not only allow the people to gain riches, we should also train them to become soldiers. We must possess economic and military knowledge. In particular, in the process of deepening reform and converting operational mechanisms for enterprises, we should pay attention to sustaining the stability of people's armed forces at the grass-roots level.

Economic & Agricultural

Land Sales Allowed for Real Estate Market Growth

HK2506095692 Hong Kong AFP in English 0936 GMT 25 June 92

[Text] Beijing, June 25 (AFP)—China will expand its real estate market in a bid to attract more foreign investment, after earning more than 550 million dollars in the past five years, officials were quoted Thursday as saying.

"Land use rights will be permitted to enter market circulation as a commodity," Wang Xianjin, director of the State Land Administration Bureau, was quoted as saying by the Economic Daily [JINGJI RIBAO].

Coastal and inland areas recently set up land development zones as part of a national effort to set up a market, the People's Daily [RENMIN RIBAO] said.

"The real estate market has tapped a new source of revenue for all levels of government," it said.

Wang said only one percent of Chinese land was being sold legally and warned that the illegal transfer of land would harm the healthy development of China's real estate market.

Land would be sold "according to the law of value and the law of the market," he said.

In the first four months of this year, China had approved the lease of more than 1,500 plots of land.

The country earned 3.1 billion yuan (\$65 million dollars) by leasing 3,000 hectares (7,410 acres) since 1987, when Shenzhen became the first Chinese city to lease land.

Land Bureau Director Answers Questions on Reform

OW2406112592 Beijing XINHUA Domestic Service in Chinese 0029 GMT 24 Jun 92

[Text] Beijing, 24 June (XINHUA)—Wang Xianjin, director of the State Land Administration Bureau, today answered a XINHUA reporter's questions on reform of the system of the use of land across the nation.

[XINHUA] Amid the country's efforts to quicken the pace of reform and opening up, land reform is the subject most discussed by people. Why is land reform necessary?

[Wang] Land reform means reform of the system of the use of land; it is an important aspect of the country's economic reform. Land reform is needed for developing a planned commodity economy, for refining our socialist land system, and for strengthening land management.

Our traditional system of land usage is for the government to allot land to users for an indefinite period without charge. The system does not permit land users to transfer or lease the land allotted them, nor does it permit users to use the land allotted them as a mortgage.

or to put it on the market. These restrictions have resulted in many irregularities: the system in effect enables land users to de facto own the land allotted them, seriously deforming the relationship between land ownership and the right to use land; it has resulted in tremendous waste in land use; it has resulted in huge losses to the state in revenues—according to estimates, the state loses more than 10 billion yuan in land rent every year; it has led to the unhealthy practice of illegal land transfer and disguised land transactions; it has prevented the efficient use of the economic value of land, and hence, it has been difficult to accurately assess the value of land.

[XINHUA] What are the goals of land reform?

[Wang] The goals of land reform are to change the system from one in which land is used for an indefinite period both free of charge and without being circulated, to a system in which the use of land is allotted for a limited time, is subject to financial charges, and is subject to circulation. Other goals are to separate land ownership from the right to use it; to consolidate land ownership—the selling of state-owned land would be a government monopoly; to liberalize land use, allowing it to circulate in the market as a commodity; to establish land markets and strive to improve them; to allocate land for use according to the law of value and the law of the market; and to establish a new mechanism that will continue to raise the efficiency of land use.

[XINHUA] How has land reform progressed?

[Wang] Generally speaking, breakthroughs have been achieved by exploring and experimenting, and reform is being carried out more broadly and in depth.

Reform of the system of state-owned land use began in the early 1980's. In the latter half of 1987, Shenzhen took the lead in instituting, on a trial basis, the system of selling and transferring with financial charges the right to use land, introducing market mechanisms to the concept of land supply. After that, Fuzhou, Haikou, Guangzhou, Xiamen, Shanghai, Tianjin, and other coastal cities, as well as some interior localities, followed suit and were quite successful. Currently, while special economic zones, open coastal cities, open cities along the Chang Jiang and national borders, and capital cities of some interior provinces are promoting the system of selling and transferring with financial charges the right to use land, cities in interior provinces, starting from revamping their land administrative systems and promoting free land transactions, are conducting land reform more broadly and thoroughly. As of the end of last April, 1,500 cases of selling the right to use land had been registered throughout the country, involving 3,000 hectares of land. The country's land markets are growing.

The reform of collective land use began in 1987, when Nantong, Jiangsu Province, introduced compensated use of land in all rural enterprises. Now the practice has

spread to some 110 counties in Hebei, Zhejiang, Shandong, Jilin, and Fujian. In early 1988, Shandong's Dezhou Prefecture took the lead and successfully experimented with the compensated use of housing land. To date, the practice has expanded to 28 provinces (regions and municipalities), 1,200 counties (cities), 6,600 towns and townships, and 130,000 administrative villages.

[XINHUA] It seems that the conditions for land reform exist. Please tell us about favorable and unfavorable factors surrounding this reform.

[Wang] There are many favorable conditions in land reform. We have the Marxist theory on differential rent as our guide, our nation's laws as a foundation, and experiments of the last few years are experience. More important is that reform has the concern and support of the party Central Committee, the NPC [National People's Congress] Standing Committee, and the State Council.

In July 1987, State Council leaders approved and issued instructions on the report submitted by the State Council's Special Economic Zones Office on suggestions on the experiment to transfer land use rights. In April 1988, the NPC amended the relevant constitutional articles, stipulating that "land use rights may be transferred according to law." At the end of the same year, corresponding amendments were made to the "Land Administration Law." In January 1990, the State Council approved and relayed the "Request for Instructions on Strengthening Administration of Rural Land for Housing" submitted by the State Land Administration Bureau. In May of the same year, the State Council issued Decrees 55 and 56 proclaiming the "PRC Temporary Provisions on Sales and Transfer of Rights to Use State-Owned Urban Land" and the "PRC Temporary Regulations on Administration of Large Plots of Land Developed and Managed by Foreign Investors". These regulations have not only spurred land reform but have also given it a legal foundation. These are the most favorable conditions that are better than those contained in other reforms.

Unfavorable factors in land reform are mainly traditional customs and antiquated views that have not been totally eradicated. Land reform is an adjustment of land-based economic benefits and naturally creates resistance. Land reform involves a wide range of interests, and other reforms have not been coordinated properly. The most fundamental point is that new ideas have yet to be established.

The next is the distorted development of the property market. At present, land sold according to the law comprises only 1 percent of the total amount of land supplied, and 99 percent of the land is still supplied by the method of transfer. In an increasingly thriving commodity economy, this dual-track land supply mechanism naturally leads to land speculation and great losses in income from land, and seriously hinders land reform and the healthy development of the property market.

Another unfavorable factor is the lack of specialists skilled in this regard.

[XINHUA] Why is it necessary to consolidate the property market while land reform is being implemented?

[Wang] As the saying goes, no flowing without damming. Although China's property market needs to be developed, its existence is an objective reality. At first land was assigned free of charge; subsequently, it was illegally transferred or leased. For this reason, huge amounts of differentials and rents that should have gone to the government were lost. According to estimates, 5 to 10 million voluntary land transactions are concluded annually. They include illegal transfers or leasing of collectively-owned land and land rented by domestic and foreign-invested enterprises in the countryside. If we do not step up management of these types of voluntary land transactions, land reform will not go smoothly and norms governing the socialist property market cannot be established.

Consolidating the property market and stepping up management of transfer of land use rights are functions assigned to governments and land administrative departments at all levels by State Council Decree No. 55. It would be a dereliction of duty on the part of the land administrative departments if this work is not properly implemented.

[XINHUA] What are your views about intensifying land reform?

[Wang] First, we must accelerate the pace in intensifying the land use system. We must resolutely implement State Council Decree No. 55 and this year's Document No. 12, further expand the scope of land use rights transfers, and enlarge the proportion of transferable land in total land supply. When and where conditions permit, cities should speed up experiments with land reform in selected areas and expand the scope of reform in light of progress in experiments. Other areas must actively create conditions for this reform. Special zones and open cities designated as such by the State Council should move quickly to make more land available for transfer. Rural areas should actively expand compensated transfer of rights to use non-agricultural land. Where conditions permit, village and township enterprises may lease land from the state under a unified plan. Highly urbanized rural areas may introduce commercial housing.

Second, we should develop, perfect, and manage well the property market. First, the state should maintain a high degree of monopoly on transfers of state-owned lands; agents of property, that is land administrative departments, will be exclusively responsible for selling and managing land, rationally evaluate prices in accordance with industrial policy, and maintain reasonable land prices. As a general rule, industrial land may be transferred by contract at preferential prices with slight profit margins. Land for commerce, tourism, and commercial housing are, in principle, to be transferred thorough auction and bidding in order to encourage competition

on an equal footing. Rigorous screening and control should be exercised over the development and transfer of tracts of land, especially large tracts of land. Second, we should stimulate the market for land transfers and protect and promote land transfers according to law. Transfers of land use rights must be registered; additional payments should be made in case there is a change in the use of land. Transfers of administratively assigned land should be preceded by required formalities, contract signing, and submission of additional payments. Collectively-owned non-agricultural lands cannot be transferred. Third, we should strengthen rudimentary work related to property, as well as intermediary services and organizations. It is necessary to speed up urban land registration, certificate issuance, and land grading and evaluation. Fourth, we should work hard to improve the professional qualifications of land administrative cadres and step up the training of professional personnel.

State Land Administration Bureau Holds Seminar

HK2306031992 Beijing RENMIN RIBAO in Chinese
17 Jun 92 p 2

[By Long Bing (7893 0365) and Jiang Yuping (5592 0068 1627): "State Land Administration Bureau Holds Seminar of Experts"]

[Text] On the eve of the second national "Land Day," the State Land Administration Bureau specially invited related experts and scholars to participate in a seminar to discuss related reform of the land system, as well as land science and technology.

Zou Yuchuan, State Land Administration Bureau deputy director, briefed the experts and scholars on the progress of China's reform of the land use system. Aiming at existing problems in the land administrative structure, land prices, stability of the land market, and transfer of land use rights, specialists and experts attending the seminar made the appeal: Currently, various localities are very enthusiastic about reform; under such circumstances, it is necessary to guide and administer it in a scientific way; there is especially a need to iron out the land administrative structure, to fix rational land prices, to speed up development of the land market, and protect and rationally utilize land resources.

Sixteen experts and scholars including Sun Honglie [1327 7703 3525], Huang Bingwei [7806 4426 4850], Chen Shupeng [7115 6615 1756], and Wu Chuanjun [0702 0278 6874] attended the seminar.

Finance Ministry Revises Taxes in Housing Reform

OW2306223592 Beijing XINHUA Domestic Service
in Chinese 0835 GMT 23 Jun 92

[Text] Beijing, 23 June (XINHUA)—To facilitate housing reform, the Finance Ministry has recently formulated regulations governing finance and tax policies in connection with housing reform.

The following is the gist of the Finance Ministry regulations: Exemptions will be given to contributions for both state key energy and communications construction funds and state budget regulatory funds [the two funds], including the depreciation of houses under the self-management of various enterprises and institutions. With the Finance Ministry's approval, tax exemptions will be given to various enterprises' housing funds that are withdrawn from profits left over after contributions are made to the two funds; administrative institutions' housing funds that are withdrawn from receipts not covered in the state budget after contributions are made to the two funds; provident funds contributed by various enterprises, administrative institutions, and individuals; securities for leases for houses under direct-management and self-management; income derived from housing bonds; rental incomes under unified government management; and housing construction funds jointly raised by governments, enterprises, administrative institutions, and individuals for constructing houses on a cooperative basis.

Incomes derived from the sale of new or old houses at a standard price by various enterprises, administrative institutions, and housing management units, as well as incomes derived from the sale of houses at a standard price to fund-contributors, cooperative units, or individuals by house-building units will be exempted from sales tax.

Starting on the date that a particular local housing reform takes effect, sales of public-owned houses—houses that have been built by various enterprises, administrative institutions, and housing cooperatives and which are sold to individuals at a standard price—the individual's contribution should be given preferential treatment by imposing a zero percent tax rate when calculating investment regulatory taxes for fixed assets. When a unit sells a house to an individual, the portion of funds it contributed should be taxed at an appropriate rate when calculating investment regulatory taxes for fixed assets. The same applies to the renting or selling of houses built by housing cooperatives. Housing companies selling houses to staff members or workers of a unit should pay a 5 percent investment regulatory tax on fixed assets.

An individual who buys a public-owned house from a unit at a standard price, or receives a house for personal occupation through a fund contribution or through a housing cooperative, the portion of funds he contributed in building the house should be exempted from housing property tax. The portion of funds contributed by a unit or an individual buying a house not for his own occupation should pay housing property tax as stipulated.

After selling a public-owned house to an individual, a unit should continue to enjoy the rights of land use and should pay or be exempted from paying land use tax as stipulated. An individual who has the rights of land use and personally occupies the house should be exempted from land use tax for three years from the date a particular local housing reform takes effect. While

buying his first public-owned house at a standard price, a staff member or worker of a unit under the people's ownership or collective ownership of cities and towns should be exempt from contract tax. However, a household is entitled to only one such concession.

Statistics Bureau Official Views Growth Rate

HK2406002092 Beijing JINGJI RIBAO in Chinese
3 Jun 92 p 1

[Interview by staff reporters Chen Zengjun (7115 1073 6511), Tian Ruzhu (3944 1172 2691): "Qiu Xiaohua, Senior Statistician of State Statistical Bureau, on How to View the Current Economic Growth Rate"]

[Text] [Reporter] Since the beginning of the year, the rate of industrial production and that of overall economic growth have been comparatively rapid. It seems that the growth rate for the entire year will inevitably exceed the planned target. What do you think of this?

[Qiu] In the first four months of the year, industrial production rose by 18.3 percent over last year's corresponding period, investments in fixed assets by 38.6 percent; total volume of retail sales by 14.6 percent, per-capita incomes of urban and rural residents by over 10 percent respectively, imports by 21.4 percent, exports by 14.9 percent, and financial revenue by over 10 percent. We can say the economic growth trend from January to April was comparatively positive.

[Reporter] The question people are concerned about is whether or not such a rapid growth rate is normal?

[Qiu] I should say it is comparatively normal.

First, the fact that total supply and demand are basically balanced still remains unchanged. Second, the balance of international payments is comparatively good. Third, at present, there are sufficient stocks of the means of production and consumer goods. Of 628 consumer goods, approximately 90 percent have more supply than demand or have their supply and demand basically balanced, which is a little more than one percentage point over the second half of last year. Moreover, the consumption behavior of consumers is basically stable. This is different from the situation of the past few years when the economy was overheated. Since the beginning of the year, consumers have shifted from purchasing physical goods to purchasing bonds and stocks. On the other hand, the total volume of retail sales in April rose by 9.7 percent, which was lower than a two-digit figure, and which continued to retain the characteristics of off-season consumption. This also shows from one side that consumption behavior is comparatively normal.

[Reporter] What then are the reasons for the rapid rate of economic growth for the year?

[Qiu] The first reason is the influence of the economic activity cycle. Since the economic improvement and rectification program ended, the energy of production

factors accumulated over the years has, of course, been released, leading to a comparatively rapid growth in economic activity. In addition, the following relevant reasons have also contributed to a comparatively rapid economic growth rate: First, a high volume of investment has played a positive, leading role. Given the fact that consumption is relatively stable, a comparatively high volume of investment played a positive role in economic growth. From January to April, investments in fixed assets rose 38.6 percent. It first led to the comparatively rapid growth of heavy industry, and correspondingly led to the growth in consumption. This is what people usually describe as the "investment multiple" function. The second reason is the effect of reform and opening up. A social environment in which reform is expedited has played a considerable role in economic growth since the beginning of the year. After Deng Xiaoping's remarks, which he made during his tour of southern China, were passed on, the initiative of all quarters has been mobilized. People maintain an optimistic outlook on the economy. The introduction of some reform measures since the beginning of the year has played a very great promoting role in mobilizing potential production factors. Moreover, the sustained, comparatively rapid growth of imports and exports and the obvious increase in the utilization of foreign funds have led to the development of domestic production. Third, since the beginning of the year, reinvestment of bank loans has been comparatively flexible and the use of idle funds in society has been comparatively active with the result that funds supply has been comparatively sufficient, and this has played a positive role in expediting production and development.

[Reporter] What sort of influence does the current economic growth, which is comparatively rapid, have on the overall economic situation?

[Qiu] The comparatively rapid growth since the beginning of the year has, first of all, begun to exhibit speedy economic returns. Since the beginning of the year, enterprises have reversed the downhill tendency in profits over the past few years. From January to April, profits obtained by budgetary state-run enterprises increased by 16.4 percent over the corresponding period last year, and commercial profits and taxes also increased. Moreover, comparatively rapid economic growth has made it easier to control revenue and expenditures according to the budget. From January to April, the increase in financial revenue obviously exceeded budgeted demand. Furthermore, the comparatively rapid growth has played a positive role in further improving domestic supply, stabilizing the market, and stabilizing people's attitudes. The increase of residents' income has, in turn, laid a foundation for the comparatively rapid growth of the economy, and has created favorable conditions for reform and opening up.

[Reporter] What then should we pay attention to, given the comparatively rapid growth at present?

[Qiu] Although economic growth has been comparatively rapid since the beginning of the year, we should not neglect some problems behind the comparatively rapid growth. First, the overall efficiency of the current economy is still unsatisfactory; large numbers of enterprises still incur losses and the losses are increasing; the profit rate of sales remains at a low 1.57 percent. Second, from January to April, the output of industrially-oriented collective enterprises increased by 24.3 percent and that of rural industries increased by 33.2 percent, but their respective sales volume rates were 85.7 percent and 82.3 percent only, largely lower than the normal sales volume of 96 percent to 97 percent. This shows that production is blind to some extent. Overstocked products of budgetary enterprises at the end of April increased by more than 20 billion yuan over the value at the beginning of the year. This shows that the task of reversing the trend of product stockpiling is still very arduous. Third, the problem of irrational structures still exist. In the case of investment, since the beginning of the year, the investment proportion of basic industries including energy and transportation has decreased, while that of the processing industries has tended to increase. As for renovation and transformation projects, investment in expansion has increased. All these problems deserve caution.

In a deeper sense, I think that at present, several other problems also demand our attention:

First, it is necessary to prevent restricting the deepening of reform. While production and marketing are thriving, enterprises probably will not quite sense some irrational contradictions and will therefore pay less attention to reform. However, when contradictions suddenly surface, they will have to pay a much higher cost to implement reform.

Second, it is necessary to prevent a contraction of the readjustment of the structures and of improving returns. From January to April, investments in fixed assets increased by 38.6 percent. Of these investments, many were for new projects and processing industries and few were for the development of tertiary industry, energy, transportation, and raw materials. This shows that the allocation of investments in fixed assets was not very rational and may have adverse consequences for the readjustment of structures. If the allocation of resources is irrational, it will be difficult to improve macroeconomic returns and probably will lead to further declining returns, even when "speedy returns" exist.

Third, it is necessary to pay attention to contradictions in development and in the market. On the one hand, with reform and opening up over the past decade, China has made great progress in its economy, and consumers have obviously made more demands for products. During the transition from having barely enough food and clothing to leading a comparatively comfortable life, the people's consumption probably has remained relatively stable, and market restraints on production have obviously strengthened. At present, the enterprises' high

expectations of the market will probably cause blind production. Yet if the growth of production is too rapid, it will inevitably once again heighten the limitations of some "bottleneck" industries. The contradiction of the lack of railway capacity has now once again surfaced and tends to be prominent.

Overall, at present, subjective and objective factors and the domestic and international environments all contribute to the acceleration of economic growth. The growth rate for the whole year will probably exceed the planned target. Therefore, we need to remain sober-minded and insist on taking into consideration local realities. We must not engage in blind competition, and still less should we hope to support a high growth rate by increasing borrowing.

[Reporter] Do you mean that the most important thing is to make progress in the new system and avoid repeating the previous practice of high input and low output?

[Qiu] Yes, that's it. Basically speaking, the fundamental guarantee for a steady and coordinated development of the economy is to seize the opportunity to expedite reform and opening up, institute mechanisms and systems that meet the demands of the planned commodity economy, and eliminate as quickly as possible the various contradictions arising from the coexistence of new and old systems. Therefore, the more quickly the economy is grows, the more attention we must pay to strengthening macroeconomic control and, in particular, stick to the principle that total supply and demand should be basically balanced. While maintaining the steady growth of social demand, we must pay attention to where resources are used. As long as resources are rationally used, there will be no major problem, even if the growth rate is more rapid. Finally, it is necessary to guard banks, which are the "gate." Banks are the last defense line of the economy. As long as no confusion occurs in banking, economic life will be basically stable.

Economist Sees Tertiary Industry as 'New Pillar'

HK2406090292 Beijing CHINA DAILY in English
24 Jun 92 p 4

[From the "Opinion" page by Guo Shuqing, State Planning Commission Research Center economist]

[Text] One of the current problems for China's economy is that total effective demand has been smaller than total supply since 1989.

This indicates the country is dogged by overproduction. It is unprecedented in the history of New China.

Here, total effective demand refers to investment in fixed assets, consumption and export; and total supply means gross national product (GNP).

The problem of imbalance is reflected by increasing stockpiles and idling production capability.

During the past three years, stockpiles have added up to more than 400 billion yuan (\$73 billion).

Besides, foreign exchange reserves are twice what demand needs.

When such effective demand began to wither, some economists concluded that the economy in the 1990s would not develop as fast as in the 1980s.

But if we analyze the reason for the withering demand, the country will find and catch [as published] the tertiary industry as a new pillar industry to spur the economy in the 1990s.

The root cause for the imbalance between effective demand and supply is the imbalance in industrial structure, instead of the austerity programme (1988-92) as some people claim.

At present, the consumption structure is lopsided. For instance, the level of food consumption has reached the international average figure (as high as middle-income countries whose per capita GNP is \$1,380); consumption of clothing, daily necessities and durable goods has exceeded those countries whose per capita GNP is \$2,940.

But the level of consumption of transport and telecommunications services is much lower than the world average. Meanwhile, the consumption in the fields of education, culture, commerce and tourism remains low.

In fact, the country's tertiary industry is underdeveloped. To shift more efforts to it will provide a prosperous market and new pillar industries for the economy in the 1990s. The change will have to depend on further readjustment of the industrial structure.

First of all, China should develop tertiary industry at an annual growth rate of 10 percent. At present, its output value accounts for only 26.8 percent of total industry. The figure should be raised to around 40 percent in the 1990s.

The construction of highways, railways and airlines, and development of the telecommunications and postal services can spur the development of relevant industries.

Second, housing reform will promote construction as another pillar industry, which will spur the raw materials business.

Third, although the growth in the manufacturing and processing sectors has remained robust since reform, their technological level is low. The potential created by advanced technologies is great.

Besides, the market for automobiles, ships, planes, computers and programming switchboards has great potential.

Unlike some developing countries, China has enough funds to develop those industries, as the increase of the rate of bank savings remains high.

The total deposits, referring to the remaining part of GNP which has not been consumed, was 700 billion yuan (\$128 billion) in 1991. Therefore, investment in fixed assets can be expanded to 600 billion yuan (\$109 billion) in 1992. It will not provoke a bout of inflation, because the input in fixed assets does not exceed total deposits.

The pressing matter of the moment is that the injection of investments must comply with the country's industrial policy in order to raise economic returns and avoid duplicate production.

Otherwise, more stockpiles will be sent into warehouses and funds wasted.

Investment should go to those industries which have potential markets. The readjustment of the industrial structure should take consideration of the change in the consumption structure.

As well, local governments at all levels should concentrate on investments in transport, energy products, raw materials and the service industry to create better environments for development.

Article Compares 1980's, 1990's Reform Strategy

HK2306100192 Beijing JINGJI CANKAO BAO
in Chinese 2 Jun 92 p 4

[Article by Ma Jiantang (7456 1696 1016) of Market Circulation Department of Development Research Center Under the State Council: "Thoughts on Strategy of Short- and Medium-Term Economic Structural Reform"]

[Text] Characteristic Phases of, and New Changes in Economic Restructuring

During reform in the 1980's, China basically followed the strategy by which the government made an overall plan for reform and pushed it forward on its own initiative. In other words, throughout the 1980's, such matters as giving enterprises greater autonomy, regulating prices, reducing the role of mandatory planning, substituting taxes for surrendered profit, "designating cities in the state plan," "subjecting counties to the jurisdiction of cities," and setting up a dual banking system, were all carried out under the government's overall plan or in accordance with the government's "decisions" or orders. We may refer to such a practice as a government-ordered reform. Such a reform strategy was characterized by orchestration by the government and filtering down to lower levels.

Since the 1990's, especially since economic improvement and rectification, which eliminated excessive demand, there have been a number of new changes in China's economic restructuring. With gradual elimination of excessive demand, especially with the formation of "buyers' markets" in some industries, reforms which

were not directly planned and stimulated by the government have made their appearance. Such reforms fall into two categories: One is deregulation of prices, which was brought about by a decrease in prices and in the gap between market prices and government-fixed prices, which result from a balance between total demand and total supply. The balance also helped government-sponsored readjustment of some products' prices (for instance, the upward readjustment of prices of grain and edible oil). The second is reforms of the labor, personnel, and wage systems in enterprises, reforms (usually known as the campaign of the "small three irons") which were kindled by keen competition in the market. With competition in the market becoming increasingly keen, to survive the competition and develop themselves, enterprises must get rid of the practice of "allowing everyone to eat from the same big pot," "the iron rice bowl," and "the iron armchair [lifelong tenure]," which are not compatible with the market situation, thus strengthening enterprise constraining and motivating mechanisms. We may refer to these two reforms as market-compelled reforms.

The third type of reform is market-induced reforms. For instance, some departments, localities, enterprises, or even individuals have run real estate markets, stock markets, and so on, to seek higher profits. Such reforms were mainly designed to yield profits or income and help improve market organization.

From the reform situation mentioned above, we can realize that China's economic restructuring will undergo a fairly big change in the 1990's, namely, the government-ordered reforms will be, to a greater extent, replaced by market-compelled or market-induced reforms. Market-induced reforms mean structural or organizational reforms induced by profits derived from the market.

Such a change in the reform strategy (naturally it does not amount to negation of government-ordered reforms) conforms to the environment for reform in the 1990's. 1) Thanks to reforms in the 1980's, the work to "shatter" the traditional structure has proceeded fairly quickly. As a result, the basic framework of the traditional structure has been smashed. For instance, 70 percent of product variety and 65 percent of product value are presently regulated by the market. However, a new original structure is rather slow in forming. 2) To replace the system under which the allocation of resources is planned by the government with a system under which the allocation of resources is regulated by market forces, and to ensure that the new system is in order and effective microscopically, the most important thing to do is to set up a market system and to improve the commodity market. Such varied and multiple organizational innovations should not be carried out by the government alone and in a mandatory way. Therefore, to speed up organizational innovations, set up a new structure at an early date, and raise the new structure's efficiency, we should mainly carry out market-compelled and market-induced reforms while persevering in government-ordered

reforms (mainly by doing away with existing old structures). This is a necessary choice for the 1990's.

Several Opinions on the Short- and Medium-Term Reform Strategy

1. We could introduce prudent macroeconomic policies to promote in-depth market-compelled reform.

To enable economic restructuring to make substantial progress and achieve stable, coordinated, and sustained growth in the national economy, we must adopt and truly carry out prudent macroeconomic policies. Nevertheless, whether macroeconomic policies will play a key role in maintaining stability is determined by whether they will basically strike a dynamic equilibrium between total demand and total supply. Over the last two years, we owed our great achievements in reform of the pricing system, enterprise labor and wage systems, the housing system, market organization, and the financial system, largely to a basic balance between total demand and total supply. Without a basic balance in total demand and supply, we would not have been able to keep the overall price level stable; we would not have dared to readjust the prices for grain and edible oils and the charges for public utilities—prices and charges that we had planned to readjust years ago; we would not have been able to reduce the difference between the government-fixed prices and market prices—the “former was even higher than the latter”; and we would not have been able to free prices of many manufactured consumer goods. Without an equilibrium between total supply and demand, order in the circulation field would not have returned to normal; profiteering at every level would not have been eliminated; and standard markets would not have been set up. Without balanced total supply and demand, a “buyers’ market” would not have been formed to a certain degree and accordingly, the pressure would not have been engendered which has compelled enterprises to make technological innovations and readjust their product mix. Without such enormous pressure, in-depth reforms of the enterprise labor, personnel, and wage systems would have been impossible. Without balanced total supply and demand and the resultant price stabilization, the income of residents in rural and urban areas would have flowed to physical assets rather than to financial assets, thus rendering the thriving finance market impossible. The great contrast found in the reform process around the year 1990 proved once again the importance of maintaining an equilibrium between total demand and total supply, which created a “liberal environment” [kuan song huan jing 1401 2646 3883 1064] for economic restructuring and built up pressure urging enterprises to carry out reforms. So long as we continue to implement prudent macroeconomic policies, while persevering in utilizing the force engendered by government-sponsored reform, we will be able to build up market-exerted pressure for reforms, thus enabling the first and second categories of reforms mentioned above to proceed in depth. Those reforms made inevitable by market forces conform perhaps more to our actual conditions than man-made reform plans. As a

result, they will be carried out more easily and yield better results. At present, to expedite reform and to increase the content of reform, we must first increase the pressure for reforms exerted by the market and increase the content of “market-compelled reforms.” 2. We should shift the focus of economic restructuring to establishment of a market system and improvement of efficiency of market organization

China's economic reforms include reform of the enterprise structure, establishment of a market system, and improvement in macroeconomic regulation and control. So long as we adopt prudent economic policies and achieve a basic balance between total supply and demand, we can carry out price reform mainly through freeing prices, which is a convenient method. For enterprise structural reform, on the basis of balanced total supply and demand, so long as we make up our minds to commit enterprises to compete in the market, the “market-compelled” reform strategy will fairly largely help enterprises to change their operational mechanism. The improvement in macroscopic management is conditional upon establishment of a market system and a higher level of market organization. If the above analysis is correct, in deepening the economic structural reform we should focus on accelerated establishment and development of a market system to raise the efficiency of the market mechanism, which has succeeded in re-allocating 70 percent of resources. To this end, the main tasks are: 1) Vigorously develop modern and standard forms of commodity exchange (such as improvement of the wholesale market, establishment of futures markets, and expansion of materials allotment and delivery centers [wu zi pei song zhong xin 3760 6327 6792 6623 0022 1800]) and formulate important market regulations as soon as possible; 2) step up development of the stock market and reorganization of banking institutions; 3) after developing the social guarantee and unemployment relief systems, expedite the reform of the labor system and develop the market for re-allocation of labor force. In a sense, after 10 years of reform, we should proceed from the initial stage of distribution of rights and interests, a stage which was stirring and seething, to a more mature stage which calls for organizational innovations in a down-to-earth manner. Therein lies a big difference between the reform of the 1980's and that of the 1990's. 3. We must acquire a full understanding of the role played by market-induced reforms in promoting organizational innovations.

During the 1980's when economic reforms were carried out on a trial basis and later carried out in every economic field, reform mainly meant readjustment of relations in terms of interests. At that time, a party gained interests at the expense of another party. However, with the deepening reform in the 1990's, the situation does exist under which interests are obtained and created without the sacrifice of other parties. Such a reform actually means organizational innovations, such as establishment of real estate and stock markets. In the course of setting up and improving these markets, those

who are mainly responsible for setting up the markets will not profit at the expense of other participants (even in the stock market, those who lose money do so voluntarily). Therefore, to deepen market-induced reform through those who seek economic interests is of very important and positive significance to organizational

innovations of the market. After more than 10 years of reform, the support that people give it will be changed from one that is of a moral nature into one that is inspired by interests. This will become another aspect in which the reform strategy of the 1990's will differ from the reform strategy of the 1980's.

East Region

Southern Fujian 'Economic Corridor' Takes Shape

HK2406124692 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1259 GMT 21 Jun 92

[Report by Hong Wen (3126 2429): "Quanzhou, Jinjiang, and Shishi to Form Economic Corridor in Southern Fujian"]

[Text] Xiamen, 21 Jun (ZHONGGUO TONGXUN SHE)—Quanzhou, Jinjiang, and Shishi, three cities famous for their broad overseas connections, are going to join hands in forming a "Big Quanzhou" economic corridor in southern Fujian. A golden triangle area will rise there.

Chen Yingguan, secretary of the Quanzhou City CPC Committee, and Shishi Mayor Liu Chengye were separately interviewed by this reporter, and they both agreed that the forming of the "Big Quanzhou" economic corridor will give a much greater impetus to economic development in southern Fujian.

Chen Yingguan said: The three cities all have considerable economic strength and are continuously increasing their outwardly expanding capacity. The small-area industrial districts in these three cities are stretching to the suburban areas, and are gradually joined to each other. It is believed that in the near future, a new economic pattern of urban and rural integration will appear, and the Quanzhou-Jinjiang-Shishi economic corridor will take shape.

Liu Chengye also held that the economic corridor that links the three cities is taking shape. He also pointed out, however, that the pressing task of the moment is to formulate scientific plans for urban and rural construction and economic development. The three cities should work out their functional plans at the same time according to their specific characteristics. He held that Quanzhou has the static characteristics of an ancient cultural center; while Shishi has the dynamic characteristics of a modern "garment city" that has thriving and radiating economic strength. If the two cities support each other, then there will be a perfect combination of the modern and the ancient and of the dynamic and the static. They and Jinjiang will also be complementary to each other. The "big Quanzhou" economic corridor will become much more attractive to domestic and overseas investors and businessmen.

Chen Yingguan also pointed out: Although each of the three cities has its own scope of development, a 27-kilometer highway that links them is being broadened. The land on both sides of the highway will be suited to development along the entire length. This will certainly quicken the pace of linking the three cities into an integrated development belt.

Xiamen Police Arrest Taiwan Drug Traffickers

HK2306032492 Beijing FAZHI RIBAO
in Chinese 4 Jun 92 p 1

[By Min Gongxun (7044 0361 1357): "Xiamen City Public Security Bureau Cracks Drug Trafficking Case Involving Taiwan Lawbreakers"]

[Text] On 7 May, the Public Security Bureau of Xiamen City, Fujian, cracked a major heroin-trafficking case involving lawbreakers from Taiwan, seized 4,799 grams of heroin and arrested all of the eight drug traffickers involved in the case.

Principal culprits Chen Zishun and Chen Xinxian are residents of Taiwan. After coming to Xiamen in November last year, they began to arrange drug-smuggling activities to Taiwan to reap staggering profits. In late April this year, the two criminals collected a batch of heroin, and passed the drug to Hong Xingrang, a lawbreaker from Penghu of Taiwan to transport the drug to Taiwan when there was an opportunity. After collecting sufficient evidence, the Xiamen City Public Security Bureau arrested Chen Zishun, Chen Xinxian, Hong Xingrang and mainland lawbreakers Bai Zaimeng, Wu Shaobing, Yang Long, and You Jingwen on the evening of 7 May; and seized all the heroin the criminals had hidden in a suitcase. After that, with the help of the Nanjing County Public Security Bureau, another Taiwan drug trafficker Chen Zhenhuang was also arrested.

It is learned that the case was one in which the largest quantity of heroin was seized in Fujian in the last few years. The case is now under further investigation.

Jiangsu City Develops Rural Industrial Districts

OW2406092592 Beijing XINHUA in English
0904 GMT 24 Jun 92

[Text] Beijing, June 24 (XINHUA)—Kunshan city of east China's Jiangsu Province has formed a new network of developing rural industrial districts in towns in a planned way.

The city now has built 20 small rural industrial districts in its 19 towns, covering an area of 24.5 square kilometers. The districts now have 447 firms, 65 of them are foreign-funded. They made a total pre-tax profit last year of 172 million yuan (34.4 million U.S. dollars).

The development of small industrial districts has promoted the development of urban construction, and released the burden of urban areas.

The rural industry has also helped develop economic development in the city.

The total industrial and agricultural output value of the city has increased from 1.585 billion yuan in 1985 to 8.5 billion yuan in 1991, of which 5.61 billion yuan were from the rural industry.

Today's PEOPLE'S DAILY carried a short commentary describing the development of rural industrial districts in Kunshan city as a new form of developing rural industry.

It said that the initiative of the farmers should be encouraged. The rising of the small rural industrial districts would help improve the culture, education, public health and farmer's life in rural areas and also the construction of small towns.

Shandong Holds Provincial Procuratorial Meeting

SK2406035392 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 22 Jun 92

[Text] The four-day provincial meeting of procurators of divisional procuratorates and city procuratorates ended in Jinan on 22 June.

The meeting pointed out that under the new situation of reform and opening up, procuratorial organs should actively perform the functions prescribed by the Constitution and laws, and create a stable social environment and a good order for reforms, opening up, and economic construction.

The meeting maintained: Since the beginning of this year, to meet the needs of reform and opening up, procuratorial organs across the province have resolutely dealt blows to all sorts of criminal activities and achieved fairly good results. During the first five months of this year, we investigated a total of 2,004 economic criminal cases concerning corruption and bribery, of which 477 were major and appalling cases, and recovered 17.09 million yuan in economic losses, approved the arrest of 9,280 criminals involved in various criminal cases, instituted prosecution against 8,525 criminals, and filed 582 cases on infringing upon the rights of other people or neglecting one's duties for investigation and handling, 90 of which were major and appalling cases. However, the current economic criminal activities concerning corruption and bribery have remained very serious, and the struggle is becoming more complicated. We must keep a clear mind on this.

Gao Changli, deputy secretary of the provincial party committee; Chen Jianguo, member of the Standing Committee of the provincial party committee and secretary of the committee of Political Science and Law; and Zang Kun, chief procurator of the provincial Procuratorate, attended and addressed the meeting.

Gao Changli pointed out: Under the new situation of reform and opening up, procuratorial work must be carried out in connection with the guiding ideology of serving the central task of developing productive forces. It is necessary to deal strict blows to all sorts of criminal activities in accordance with the law. At the same time, we should also stress the service, persuasion, and impetus role of law. In dealing blows to economic crimes, the most important of all is to deal blows now to corruption and bribe-taking cases and to concentrate on

grasping major and appalling cases. We must be firm in this regard, and must not slacken our efforts. While dealing blows to criminal activities in the economic sphere, we should make a strict distinction between what is and what is not a crime, legal and illegal cases, miscalculations in work and crimes caused by dereliction of duty, and unhealthy trends and crimes. We should resolutely deal blows to those persons that we should, and protect those that should be protected. No one is allowed to interfere with the handling of cases in line with the law.

Shandong Holds Conference on Combating Drought

SK2506013592 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 23 Jun 92

[Text] The provincial government held an emergency telephone conference to arrange the work to combat drought on 23 June.

Guo Changcai, vice governor of the provincial government, chaired the conference. In his speech, Wang Jiangong, vice governor of the provincial government, urged that party, government, and army organs and all trades and professions should immediately be mobilized and engage themselves in the struggle against drought.

Provincial Leading Comrades, including Jiang Chunyun, Zhao Zhihao, and Gao Changli, have paid full attention to drought combat work.

Jiang Chunyun urged: We should let the vast number of the people understand the current serious drought situation. We should overcome the concept of relying on heaven, immediately wage the struggle to combat drought and ensure a good planting and a sound growth of seedlings. We should also strive to reap a bumper autumn crop harvest. All localities should make full use of all usable water resources to combat drought and to expand irrigation areas. We should provide human, financial, and material resources first for the areas hit by serious drought; help the masses eliminate problems in drinking water and acquiring water to combat drought and to ensure a good planting and a sound growth of seedlings. The governments at various levels should transfer cadres to the grass roots to help guide the drought combating work.

From March to June, the province's rainfall averaged 83 mm, registering only half of the amount of preceding years. In early June, the province's rainfall averaged only 14 mm, a drop of 63 percent from that of preceding years. This brought about difficulties for the province in sowing summer crops on more than 10 million mu. Some spring and summer crops withered or died. So far, 58 million mu of farmland were hit by the drought. Of this, 29 million mu of farmland were hit by serious drought. Simultaneously, there have been difficulties in obtaining drinking water for 5,040,000 people across the province and 691,000 heads of draught animals.

On the morning of 23 June, the provincial government held a meeting of governor and vice governors. The meeting decided to allocate 4 million yuan in funds to combat drought; to allocate 1 million yuan of funds to eliminate pests; and to distribute 25,000 tons of diesel oil, 10,000 tons of chemical fertilizer, and 300,000 kw of power to combat drought, to ensure a good growing of seedlings, and to guarantee a bumper agricultural harvest.

Shandong Session on Dealing Blows to Prostitution

SK2506100492 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 24 Jun 92

[Text] The provincial committee for overall improvement of social order held the third plenary session on the afternoon of 24 June.

The session decided that the province should launch a concentrated campaign to clear up and straighten out the streets rampant with illegal business, with the focus on dealing blows to prostitutes and their clients so as to promote the sound development of the shops along these streets and to safeguard the social order and the traffic order.

The session pointed out: This time, the province will clear up and straighten out the shops along the roads with the focus on dealing blows to the shops that lure and force women to engage in prostitution, the chief culprits of the prostitution groups, the prostitutes and clients who refuse to mend their ways despite repeated admonition, those who invite guests with pornography and also refuse to correct their wrong behavior despite repeated admonition, and the serious criminal offenders who engage in theft, robbery, and blackmail.

Gao Changli, deputy secretary of the provincial party committee and chairman of the provincial committee for overall improvement of social order; and (Chen Xingguo), Standing Committee member of the provincial party committee and secretary of the provincial political and legal committee, attended and addressed the session.

After fully affirming the achievements in comprehensively improving social order made in the first half of the year, Gao Changli pointed out: Under the new situation of reform, opening up, and commodity economic development, we should comprehensively improve the social order to serve the central link of developing the productive forces, firmly deal blows to various kinds of criminal activities, and create a fine social environment for reform, opening up, and commodity economic development.

Ma Zhongcai Inspects Qilu Petrochemical Company

SK2306051792 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 21 Jun 92

[Text] During his investigation and study tour to Qilu Petrochemical Company and Huantai County, Ma Zhongcai, deputy secretary of the provincial party committee, stressed: We must further emancipate minds,

grasp it with real efforts, work in a down-to-earth manner, and accelerate the pace of reforms and opening up. Comrade Ma Zhongcai made his inspection and study tour to Qilu Petrochemical Company and Huantai County on 18-19 June. He heard work briefings by the Huantai County party committee and government and the party committee of Qilu Petrochemical Company as well as conducted on-the-spot inspections at some enterprises in Huantai County. At Qilu Petrochemical Company's production spot, he affirmed their work achievements and touched on how to deeply implement the guidelines of Comrade Deng Xiaoping's important speech during his tour to southern provinces and Comrade Jiang Zemin's speech given at the central party school to further emancipate minds and accelerate the pace of reforms, opening up, and economic development.

Comrade Ma Zhongcai said: Qilu Petrochemical Company rapidly developed over the past few years. This development mainly resulted from the conscientious efforts of the company's leading bodies and workers to implement the party's basic line, seek truth from facts, and work together and in a down-to-earth manner. It also resulted from the conscious attention of the company's party committee to grasp party building and the strong cohesion of all party organizations among the workers. At present, our country's reforms and opening up have entered a new stage, as indicated by Comrade Deng Xiaoping's important speech during his inspection tour to southern provinces. Under the new situation, all levels, various departments, trades, and professions are facing the issue of further emancipating minds and adapting themselves to the new demands of reforms, opening up, and economic development. Take such an exceptionally big enterprise as Qilu Petrochemical Company for example. In the past, the company did not have to worry about the sales of its products, but at present, some of its products are not so scarce. This is a lash to enterprises. From a dialectical viewpoint, however, this is good because it enables enterprises to be guided by the market; to change operational mechanisms; and to understand, study, and actively develop markets. Enterprises should overcome the concept of product economy, have courage to break old restrictions and patterns, further broaden thinking on development, and decontrol management. The Qilu Petrochemical Company may consider doing multifaceted trade business and take one industry as the main body while developing diversified undertakings. Some enterprises may also think of implementing the shareholding system to strengthen their vigor and vitality. Huantai County should fully display the advantages of the building industry and may study ways to actively participate in the development of real estates in cities and towns, broaden the production avenues, and raise economic efficiency.

Comrade Ma Zhongcai pointed out: Comrade Deng Xiaoping's speech during his inspection tour to southern provinces fully summarized international and domestic experiences, touched on all fields comprehensively and

profoundly, and showed great foresight. One of the most important aspects is to stress emancipation of minds, change concepts, and work freely to accelerate the pace of reforms and opening up and to promote the economy to a new stage.

Comrade Jiang Zemin's recent speech at the central party school profoundly expounded on how to deeply understand Comrade Xiaoping's important speech and to more rapidly conduct reforms, opening up, and economic construction better. To study the two speeches' guidelines, we should comprehensively study, understand, and boldly practice them. We should dare to blaze new trails and carry them out. We have engaged in product economy for many years, and some traditional concepts have greatly influenced us. It is very difficult for us to eliminate them all at once. This requires our efforts to unceasingly emancipate minds in reforms and opening up and to actively seek new ways of development. Emancipation of minds means to renew concepts and change the old concept of product economy into a new concept of the market economy. We must take Comrade Xiaoping's proposal of doing things beneficial to three aspects of work as a criterion, have the courage to break the shackles of conservative and outdated traditional concepts, dare to experiment and move ahead, and advance with a pioneering spirit. To accelerate economic development, we should rely on management, science, technology, trained personnel, and information; most important should be trained personnel. We must adopt measures to not only keep trained personnel but also bring in new batches.

Comrade Ma Zhongcai pointed out: To deepen reforms, we must rely on the efforts of enterprise workers. Through powerful ideological and political work, we must turn reforms into the workers' voluntary action; fully display their enthusiasm, initiative, and creativity; emphasize reforms' roles in enhancing the cohesion of enterprises, developing productive forces, improving enterprises' competitiveness and their ability to cope with changes, and raising economic efficiency. We must not belittle ideological and political work when we talk about reforms and opening up, because this viewpoint is one-sided. We must comprehensively study and understand the guidelines of Comrade Xiaoping's important speech, solve coordination of economic construction and spiritual civilization, persist in grasping the two simultaneously, and be tough with both.

Comrade Ma Zhongcai stressed: To study the guidelines of Comrade Deng Xiaoping's speech during his inspection tour to southern provinces and Comrade Jiang Zemin's speech at the central party school and to further emancipate minds, we must persist in the viewpoint of practice and development and recognize that emancipation of minds is comprehensive and will run through the whole process of reforms and opening up. Only by unceasingly engaging in practice and study can we make our ideology unceasingly cope with the progress of reforms and opening up. Therefore, to emancipate minds, we should also stress the importance of seeking

truth from facts, proceed from reality while doing everything, and boldly carry out all things conducive to developing productive forces.

Comrade Ma Zhongcai stressed: To study and implement the guidelines of Comrade Deng Xiaoping's important speech, the central directives, and the provincial party committee's work plans, we must try to grasp implementation work, act closely with local realities, study how to push the economy forward, and attain the goal with real efforts and in a down-to-earth manner. By no means should we just sit down and talk about principles. Empty talks will stall state affairs, and if we fail to step up our efforts, we will lose opportunities. We must work realistically and solidly and strive to seek quick and great results.

Shanghai Cadres Attend Study Class on Reform

OW2306134592 Shanghai JIEFANG RIBAO
in Chinese 20 Jun 92 p 1

["Improve Economic Development by Emancipating the Mind and Having New Ideas"]

[Text] From 15-17 June, the Shanghai Municipal CPC Committee sponsored a study class for leading comrades of political and legal departments, the supervisory department, and the discipline inspection commission standing committee in Shanghai. Ni Hongfu, deputy party secretary and secretary of the political and legal commission; and Zhang Dinghong, standing committee member of the municipal party committee and secretary of the discipline inspection commission, attended and spoke at the class.

Leaders attending this class conscientiously studied the guiding spirit of the CPC Central Committee concerning speeding up reform, opening wider to the outside world, and pushing economic development forward to a new stage. They also studied Comrade Jiang Zemin's important speech at the Central Party School as well as the basic policy of the municipal party committee and government for improving economic conditions and for developing the Pudong district. During this period, they gained a better understanding of the guiding spirit of Comrade Deng Xiaoping's important remarks made during his trip to the South. They held that a study class like this was necessary and it was conducted at the right moment. Despite the fact that the class was short, its contents were rich with important topics. In the light of the concrete conditions, they discussed how to improve economic conditions by emancipating the mind and having new ideas.

Comrades who attended the class further unified their understanding of the current situation, thus enhancing their sense of urgency and responsibility. They held that it is a common task for party organizations and government departments at all levels to improve economic conditions in Shanghai. It is necessary for law enforcement and discipline inspection departments to have a firm conviction that all of our endeavors are for

improving economic conditions. We should conscientiously participate in our efforts by playing a suitable role. We should be active in providing all-around service. We should work hand in hand with comrades of economic departments.

They held that the key to promoting economic development and carrying out the policy of reform and opening to the outside world lies in further emancipating the mind and having new ideas. Law enforcement and discipline departments, with great power and responsibility endorsed by the party and the state, have to perform their duties carefully while dealing with the people. Under the current situation, it is necessary to take resolute measures to crack down on various criminal activities and severely deal with cases of violating discipline. Meanwhile, they should play their role as a guardian of the people. They should actively support and encourage broad masses of cadres to take bolder steps in carrying out reform. They should also take all possible measures to protect them and provide them with a better environment in which to work and to use their talents. They should free these cadres from worries while they take a bolder step in their work. Protecting intellectuals is as important as dealing with cases of violating laws and discipline. Protecting intellectuals means protecting productive forces.

Comrades attending the class held that it is necessary to have an all-around understanding of the importance of improving party work style. Comrade Deng Xiaoping said that the principal criterion for judging the success of reform and the opening up policy is whether they help develop the productive forces of our socialist society, increase our country's overall strength, and raise the people's living standards. This criterion can also be used for judging our work in improving party work style. At present, people are concerned about many problems, the work of improving economic conditions in particular. If we improve economic conditions, enhance overall national strength, and upgrade people's living standards, we can further consolidate the blood-and-flesh ties between the party and the people, and increase the government's prestige. One of the important tasks for discipline inspection and supervision departments is to ensure that government orders are implemented smoothly. To achieve this goal, we should remove all problems that impede our progress in the drive for reform and opening to the outside world. Party and government cadres who interfere with our efforts will be punished.

They held that law enforcement should improve methods for handling cases by unifying policies and ideologies, enhancing legal knowledge, and paying more attention to political, social, and economic results in handling cases. They should be particularly careful in dealing with problems arising from economic activities. If they are not sure how to handle a situation or find that there are different opinions toward a matter in question, they should not rush to deal with it. In handling a case, they should judge it in accordance with the concrete

situation. They should seek truth from facts. If it is a case of illegal trade practices, then we say it is a case of illegal trade practices. If there are shortcomings and mistakes, then we say there are shortcomings and mistakes. If someone violates the law, then we say he violates the law. We should judge a case according to its true nature. We should not register, deal with, and judge cases that border but do not exceed legal boundaries.

Comrades Ni Hongfu and Zhang Dinghong commented on the work performed by law and discipline enforcement departments in the new situation of reform and opening to the outside world. They said: These departments have done a great deal of work in safeguarding social stability, cracking down on crimes, preventing corruption, and improving government integrity. The municipal party committee fully affirms their achievements. Shanghai is now taking the lead in the national drive of reform and opening to the outside world. Shanghai's efforts to improve the economy and develop the Pudong district are at a critical moment. It is imperative for law and discipline enforcement departments to emancipate the mind, embrace new ideas, take bolder steps in carrying out reform, and perform their duty in a comprehensive way. They should concentrate on dealing with big and important cases. They should try to familiarize themselves with economic affairs, fully rely upon party and government organizations at all levels, and believe in the broad masses of cadres. Special efforts should be made to protect the enthusiasm of the broad masses of cadres in taking bolder steps to carry out reform and accelerate economic development. They should provide a favorable social environment for carrying out the policy of reform and opening to the outside world and for improving economic development in Shanghai.

At the class, major leaders of industrial, rural, financial, and trade party committees of the city made a briefing on new trends and thinking in the drive of reform and opening up. They also made some work improvement suggestions to legal and discipline enforcement departments.

Shanghai To Open Joint Venture Banks

HK2506055992 Beijing CHINA DAILY
in English 25 Jun 92 p 2

[By staff reporter Chen Weihua: "City Blazes Trail in Banking Trade"]

[Text] Shanghai—The city's financial industry is expecting new breakthroughs this year by opening joint venture banks, a joint venture or an independent insurance company, and a regional development bank in the Pudong New Area.

Well-placed sources from the Shanghai Branch of the People's Bank of China said that talks between Chinese partners and the American International Group (AIG) to set up China's first joint venture insurance company are still under way but not "very smoothly".

The Chinese partners are still not decided, but the Shanghai Branch of the People's Insurance Company of China, the Shanghai Branch of China Pacific Insurance Company, and Shanghai Investment and Trust Corporation were on the list to be the three Chinese partners.

Since talks are not going smoothly, AIG is also likely to set up an independent insurance company in the city and the People's Bank of China will approve it, the sources said.

Restrictions on the business scope for the solely-owned venture are likely to be imposed to allow only property insurance by foreign-funded ventures and personal life insurance, excluding group life insurance and property insurance by State-run or collectively-run enterprises.

A rule governing foreign-funded insurance companies is likely to be approved by the central bank headquarters soon.

Meanwhile, the Shanghai Branch of the Industrial and Commercial Bank of China (ICBC Shanghai) is expected to sign a contract with the Banque Nationale de Paris late next month to set up the city's first joint venture bank.

The joint venture is expected to be opened within the year, said Tan Yi, manager of the international department of ICBC Shanghai.

The Agricultural Bank of China is also talking with the Rabo Bank of Holland to set up a joint venture bank in the city, according to Zhu Heng, director of the Pudong Branch of the Agricultural Bank of China.

Several foreign financial institutions, the Development Bank of Singapore, the International Finance Corporation under the World Bank, the Yasuda Trust and Banking Co Ltd of Japan, and a German bank are all likely to join joint venture banks.

At the same time, local government officials are glad at getting the nod from the central bank to set up a regional bank, known as the Pudong Development Bank.

Preparation is under way and the bank, adopting a shareholding system, is expected to be opened in August.

At the moment, its shares will not be sold to individuals and listed, like those of the Shenzhen Development Bank.

The set-up of such a bank will facilitate Pudong development, said Gong Haocheng, former president of the Shanghai Branch of the People's Bank of China, who is in the preparation group for setting up the regional bank.

Central-South Region

Guangdong Secretary Inspects Zhuhai Projects

HK2506094292 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 19 Jun 92

[Text] While inspecting Zhuhai's urban construction program and key construction projects days ago, provincial party committee Secretary Xie Fei expressed appreciation of Zhuhai's plan to develop its western part into a unified economic zone. He said that the planned construction of a economic zone should not be restricted by the administrative area.

On 19 June, accompanied by Zhuhai Mayor Liang Guangda, Xie Fei inspected Zhuhai's key construction projects under construction including a bathing beach, (Xiangzhou) Avenue, and so on. Xie Fei also tried to find out how Zhuhai's overall urban construction program had been formulated and how the sports center, science and technology and cultural center, and medical center had been planned and built.

After listening to a report on the development plan for and construction in western Zhuhai and the (Wanshan) Archipelago, Xie Fei expressed appreciation of the construction plan for western Zhuhai's economic. He expressed the belief that such a development formula was correct.

Guangzhou Sets Up Over 100 Firms Outside Border

HK2406093292 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0611 GMT 22 Jun 92

[Text] Guangzhou, 22 Jun (ZHONGGUO TONGXUN SHE)—Guangzhou actively encourages enterprises which have the conditions and competitive ability to set up enterprises outside the border; at present, the city has set up 108 enterprises outside the border, accounting for one-fourth of the total number of enterprises set up outside the border by Guangdong Province.

The enterprises set up by Guangzhou outside the border have spread from Hong Kong and Macao to America, Europe, and Australia, and the number of productive projects has increased every year. For example, they have used technological strong points in light industry and medicine to set up factories in Hong Kong and Macao for production of pianos, batteries, bicycles, watches, clocks, lamps, and Western medicine products; a pattern of investment in enterprises run outside the border by many trades and departments has taken shape.

At present, 40 districts, counties, bureaus, and corporations in Guangzhou, as well as nine specialized foreign trade companies from the city have set up enterprises outside the border, and their operational domains have developed from industry to trade, transportation, and financial and real estate businesses.

Guangxi Secretary Addresses Regional Congress

HK2406135892 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 18 Jun 92

[Excerpts] The Guangxi Zhuang Autonomous Regional CPC Congress was convened in Nanning 17 and 18 June.

The congress was mainly devoted to electing the Guangxi Zhuang Autonomous Regional deputies to the forthcoming 14th CPC National Congress.

The congress was attended by a total of 452 deputies from various fronts, prefectures, cities, and counties, various districts directly under the relevant city authorities across the region, various regional leading organs, as well as various units directly under the regional authorities.

Regional party committee Secretary Zhao Fulin and Deputy Secretary Cheng Kejie jointly presided over the congress.

Liu Mingzu, regional party committee deputy secretary, delivered a speech explaining issues relating to the election of the regional deputies to the forthcoming 14th CPC National Congress and reported to all the deputies on the regionwide work of deliberating and nominating candidates for election as regional deputies. [passage omitted]

After conducting conscientious deliberations and detailed discussions, the deputies elected a total of 41 regional deputies to attend the congress. Among them are party-member leading cadres at all levels, party-member model workers, party-member advanced workers, party-member outstanding experts, and party-member combat heroes from the regional industrial, agricultural, national defense, political, legal, financial, trade, scientific, technological, cultural, educational, public health, and sports fronts. [passage omitted]

On behalf of the regional party committee Standing Committee, Zhao Fulin delivered a speech in which he called for stepping up party building as well as comprehensively and correctly implementing and carrying out the party's basic line. Zhao noted: A strategic task facing the party organizations at all levels, and the people of all nationalities across the region, at the moment is to grasp current excellent opportunities to further brace ourselves, earnestly carry out work in a down-to-earth manner, quicken the pace of reform and opening up, and strive to push the regional economic development more successfully onto a new stage at an earlier date. To accomplish this strategic task, we must simultaneously promote not only economic construction but also party building, bring into full play the party's political superiority, and practically strengthen the party's role as a governing party, a political core, and a fighting bastion.

Zhao Fulin also dwelt on the following issues pertaining to regional party building:

1. Vigorously stepping up the party's ideological building and enhancing both determination and consciousness in implementing and carrying out the party's basic line;

2. Being bold in selecting and promoting politically and professionally qualified cadres with outstanding work achievements and successfully building leading bodies with an eye on providing an organizational guarantee for comprehensively and correctly implementing the party's basic line;

3. Stepping up building party style, maintaining the party's purity and firmness, and enhancing the party's combat effectiveness;

4. Strengthening grass-roots party organization building and party membership contingent building and giving full scope to both the political core role and the fighting bastion role played by grass-roots party organizations;

5. Strengthening and improving the party leadership and raising party leadership standards.

Zhao Fulin concluded his speech by emphatically pointing out: The 14th CPC National Congress to be held in the fourth quarter of this year is bound to be very important in the course of China's socialist modernization building. The congress will undoubtedly exert an enormous and far-reaching impact on inheriting the past, ushering in the future, attaining the second-stage strategic goal of modernization building, and pushing ahead with the great cause, pioneered by Comrade Deng Xiaoping, of building socialism with salient Chinese characteristics.

Zhao Fulin called on party organizations and members at all levels, and people of all nationalities across the region, to further mobilize themselves to study and implement in an in-depth manner the spirit of the recent CPC Central Committee Political Bureau plenary session, and the series of important speeches made by Comrade Deng Xiaoping; further emancipate the mind; transform concepts; be bolder in trying out new measures; work hard; forge ahead; make redoubled efforts to push Guangxi's economic development onto a new stage at both the best pace and the highest speed; and strive to make more headway in both party building and other types of work to greet the convocation of the forthcoming 14th CPC National Congress with more outstanding achievements.

Guangxi Narcotics Seizures, Arrests Reported

OW2306170392 Beijing XINHUA in English
1514 GMT 23 Jun 92

[Text] Nanning, June 23 (XINHUA)—Public security forces in China's Guangxi Zhuang Autonomous Region which is near the Golden Triangle announced some success against the drug traffic in the last 12 months.

They seized 168 kg of heroin, 730 kg of opium and 11 tons of dried poppy destined for international market. More than 3,600 drug traffickers were arrested.

The police also discovered 105 haunts used by drug addicts and sent 400 addicts to detoxification clinics.

Electronics Official at Hainan Ground Breaking

HK2306122792 Haikou Hainan People's Radio Network in Mandarin 2300 GMT

[Excerpt] Yesterday morning, Vice Minister Zhang Xue-dong of the Ministry of Machine Building and Electronics, Governor Liu Jianfeng, and Haikou Mayor Zeng Haorong made their way to the finance and trade area to attend the ceremony initiating the construction of the Huaxun apartment funded by the Huaxun Group Hainan Dazhong Real Estate Corporation.

Since it was founded in 1988, the Dazhong Real Estate Corporation has made three big strides over the last three years in making strenuous efforts and displaying an enterprising spirit. [passage indistinct] Last year they netted a profit of over seven million yuan, coming to the fore in the real estate trade. [passage omitted]

Construction Equipment Arrives in Hainan's Yangpu

OW2306165892 Beijing XINHUA in English 1502 GMT 23 Jun 92

[Text] Haikou, June 23 (XINHUA)—The first batch of engineering equipment to be used in the Yangpu Development Zone arrived today at Yangpu port in southern Hainan.

The equipment includes excavators, bulldozers, heavy-duty trucks and power plant equipment.

Sources in Haikou said construction of the Yangpu Development Zone is expected to start on June 26.

Kumagai Gumi (H.K. [Hong Kong]) Limited, which has a 70-year development contract for the 30 square km. development zone, is to invest five billion H.K. dollars in the next two years.

The Chinese Government approved the establishment of the development zone last March as part of its efforts to boost development of the island province of Hainan, the largest special economic zone in China.

Grave Robber Executed in Hunnan Capital

HK2406085592 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1258 GMT 21 Jun 92

[Text] Changsha, 21 Jun (ZHONGGUO TONGXUN SHE)—Chen Xinming, who dug up graves to steal and sold cultural relics for profits, was executed in Changsha on 18 June. Zhu Yuding, his accomplice, was sentenced to suspended capital punishment with a two-year probation; and Zhang Dehui, another culprit in the case, was sentenced to jail for 12 years.

From May 1986 to November 1991, the aforementioned criminals teamed up with others and brought with them guns, detonators, dynamite, and spades to dig up 63

graves, including 32 ancient graves dating before the Qing dynasty. They stole 88 jade bracelets, jade earrings, jade hairpins, peacock feathers worn at the back of a mandarin's hat, dragon-shaped hangers, and jade balls, of which they sold 22 and earned 85,000 yuan. Chen was the main culprit, digging up 44 graves and stealing 83 pieces of jade and gold ornaments, which he sold at a 69,000 yuan profit. Chen also earned profits by selling the cultural relics, the private buying and selling of which are prohibited by the state.

Chen Xinming escaped while being detained and interrogated by Changsha police. While at large, he sneaked into Yunnan and bought two handguns and some 100 rounds of ammunition, then dug up more graves and stole greedily.

Chen was executed on 18 June.

North Region

Revenue of Beijing Towns, Townships Increases

OW2206141492 Beijing XINHUA in English 1318 GMT 22 Jun 92

[Text] Beijing, June 22 (XINHUA)—The industrial and agricultural output value of more than half of Beijing's townships and towns has exceeded 100 million yuan (about 18 million U.S. dollars) each.

According to statistics provided by the Agriculture and Forestry Office of the Beijing Municipal Government, the industrial and agricultural output value of 139 townships and towns in Beijing's suburbs reached 100 million yuan in 1991 each. These townships and towns account for 51 percent of the total in Beijing.

All these richer townships and towns increase their grain output on the one hand and develop the rural enterprises on the other hand. Thus a number of profit-making enterprises appear in Beijing suburbs with the application of more science and technology and by putting in more investment.

The heating facility factory in Tongxian's Zhangjiawan town developed a sort of air conditioner for motor vehicles with the help of technicians invited from research institutions in the urban areas. Now the products of the factory have accounted for one-third of the total motor car air conditioner production in the nation and the annual output value of the factory came to 30 million yuan in 1991.

According to Su Wenquan, manager of the Zhangjiawan Agriculture, Industry and Commerce Company, the output value of social products of his town reached 550 million yuan (about 100 million U.S. dollars) in 1991 and it is expected to come to 800 million yuan (about 145 million U.S. dollars) this year.

Beijing Deputy Mayor on Foreign Language Campaign

OW2406055692 Beijing XINHUA in English
0508 GMT 24 Jun 92

[Text] Beijing, June 24 (XINHUA)—The Beijing municipal government is calling on all its citizens to learn a foreign language, especially workers in the sectors of commerce, tourism, services and public transport, the "BEIJING DAILY" reported today.

Increasing exchanges with the outside world and Beijing's efforts to host the Olympic Games in the year 2000 place a high demand for foreign language ability among its citizens from all walks of life, said Deputy Mayor Zhang Baifa.

He said the present language learning campaign will give a strong impetus to the city's bid and play a key role in boosting the city's attempts at opening to the outside world.

The city's radio and TV stations, and various language training institutions will make concerted efforts to organize various activities and programs during the drive.

Beijing will also organize an annual foreign-language proficiency test at the intermediate level, with successful candidates receiving certificates, according to the paper.

Those who receive the certificate will receive bonuses from their work units, according to a circular issued by the municipal government.

The candidates' names and languages will be programmed into the city's data base. These people will then serve as volunteer interpreters in the future for large-scale international activities held in the city.

Tianjin Mayor Discusses Development Strategies

OW2406162992 Beijing XINHUA in English
1534 GMT 24 Jun 92

[Text] Tianjin, June 24 (XINHUA)—Tianjin, one of the largest industrial cities in China, will introduce more flexible policies to absorb foreign capital and further promote the development of its economy, the mayor of Tianjin said today.

Speaking at an international seminar on reform and open policies and economic strategy for the city, Mayor Nie Bichu said Tianjin aims to set up and consolidate an internationally competitive economy, form an economic system and an operative mechanism which will work along the lines of accepted international practice.

"Tianjin will become the financial and commercial center of north China, a comprehensive base of technologically advanced industries, and a modern port backed up by the north, the northeast and the northwest, and looking outward to all of Northeast Asia," said the mayor.

To materialize the targets, Tianjin will continue to open up to the full not only urban areas, but also coastal and rural areas, speed up the construction of the free trade zone, economic-technological development zones and new-technology industrial parks.

He explained that these will include the coastal development belt mainly engaged in export goods processing and international trade, the express-way belt chiefly hosting high-tech industries, the urban center accommodating the financial, commercial and information services, and the many rural open zones with their economic development zones.

"The free trade zone will be further expanded and more foreign firms will be accommodated to assure Tianjin's advantageous position in international entrepot trade."

The real estate market will be "thrown completely open" to domestic and overseas investors, said the mayor.

Nie said domestic and overseas capital will be used in many more fields, such as joint ventures in the tertiary sector, including large retail houses.

Foreign banks, joint-capital banks and financial firms will be set up to develop and perfect Tianjin's functions as a financial and commercial center.

"We will work actively to utilize foreign capital to reform existing enterprises, selecting a number of state-owned large or medium-sized enterprises and investing all or part of their assets into joint or co-operative ventures, instilling them with new blood and hastening the process of reform," the mayor told the seminar.

He said Tianjin will operate according to internationally accepted practices and economic principles and explore all channels and forms, such as setting up international chain-stores, signing up foreign agencies, and founding joint-venture or co-operative trading firms.

According to the mayor, Tianjin plans to focus on building up the port. New wharves and berths will be built, 4-generation container transportation will be developed, and industrial harbors and special railway lines and access highways will be laid down to meet the needs of the port.

"The existing chiefly commercial harbor will grow into a comprehensive major international port with multiple functions and modern facilities."

He revealed that more power stations will be built as soon as possible to raise the capacity of electricity generation from the present more than two million kwh [kilowatt hours] to 10 million kwh.

The city also plans to install 250,000 telephones in the next three years, bringing the total number of telephones to 500,000, which is going to be doubled by the end of the 20th century.

Nie said the quicker pace of the city's reform and opening will promote the development of north China.

About 100 Chinese and overseas scholars, experts and officials from international organizations and countries attended the seminar, which was jointly held by the municipal government of Tianjin and the United Nations Development Program.

Tianjin Joint Venture Protects Trademark

OW2306035592 Beijing XINHUA in English
0325 GMT 23 Jun 92

[Text] Tianjin, June 23 (XINHUA)—Increased controls have gone a long way toward halting violations of the trademark of Tianjin Merlin Gerin Co. Ltd, a Sino-French joint venture making circuit breakers.

General manager of the company Pierre Ningre said that China's industrial and commercial departments are doing their utmost to safeguard the intellectual property rights of his company.

In recent years more than 50 kinds of imitations of Merlin Gerin products have appeared all over China, Ningre said.

The Tianjin Industrial and Commercial Administration sent a team to the areas concerned in May. With the cooperation of the local administrations, they seized more than 1,500 circuit breakers and confiscated some 100,000 yuan in illegal profits in these cases.

Qinhuangdao, Tianjin Said To Speed Development

HK2406144392 Hong Kong TA KUNG PAO
in Chinese 22 Jun 92 p 2

["Special dispatch" by staff reporter Kung Shuang-yin (7895 7175 0603): "Qinhuangdao City Is Fully Opened to Outside World; Tianjin Municipality Formulates Plans To Develop Into International Port City"]

[Text] Beijing, 21 Jun (TA KUNG PAO)—Ding Wenbin, Qinhuangdao City CPC Committee secretary, said today in the Great Hall of the People that, guided by the spirit of Deng Xiaoping's important speeches, the Qinhuangdao City CPC Committee and Government are further emancipating their thoughts, increasing their courage, and adopting a series of effective measures to quicken the pace of opening up to the outside world. This includes one measure requiring leading cadres at various levels in the city to concentrate on the work of opening up, the adoption of targets for opening up, and the establishment of a project responsibility system [xiang mu ze ren zhi 7309 4158 6307 0117 0455].

The secretary announced that every inch of land in Qinhuangdao is open. The city is open not only to Hong Kong, Macao, and Taiwan but also to Japan, South Korea, the CIS, and all countries and regions in the world. All sectors of the economy, including industry, agriculture, banking, commerce, trade, real estate, and

tourism are open. Any countries and regions in the world and any companies wishing to cooperate sincerely with us will be given a warm welcome. We are willing to assimilate all the achievements of civilization in the world.

When talking about the city's plan to adopt policies more favorable to overseas investors, Ding Wenbin said: The general principle is that policies will correspond to specific projects [zheng ce gen zhe xiang mu zou 2398 4595 6418 4192 7309 4158 6382]. That is, the better a project is, the more favorable the policies for it will be. As long as there is no violation of the state's industrial policy and Qinhuangdao City's development guidelines, favorable policies for the investors can be formulated on a case-by-case basis according to the character of the specific projects.

He also announced that Qinhuangdao will encourage foreign investors to develop projects on whole stretches of land. The city has delimited 12 stretches of land on which foreign investors are allowed to conduct development projects. According to the urban construction program, and through transforming the old town and building new urban districts, Qinhuangdao will build a Hong Kong Street, a Macao Street, a Taiwan Street, a Japan Street, and a South Korea Street which will mainly develop the tertiary industries through attracting foreign investment. The land use right will last 30, or 50, or even 70 years and, during this period, the land can be transferred many times.

Ding Wenbin also revealed that the Qinhuangdao City CPC Committee and Government have officially submitted to the upper authorities concerned, applications to do the following: turn Qinhuangdao into a special economic zone; set up a bonded area; expand the economic and technological development zone; and to build Nandaihe and Huangjiu Haian into state-level tourist resorts.

This reporter also learned that after Deng Xiaoping's speeches during his southern inspection tour were relayed, the Tianjin Municipal CPC Committee and Government tightly seized the current opportune moment, further emancipated their minds, did solid and down-to-earth work, made positive efforts to break fresh ground, and boldly made new breakthroughs. The municipal party committee and government put forward a 36-point guideline for quickening the pace of reform and opening up and for promoting economic development. They conveyed it through issuing a red-letter headed document to all subordinate institutions and departments, which were required to conscientiously put it into practice.

The document came up with the basic objective of speeding up reform and opening in Tianjin: Through making efforts for a period of 10 years or a bit longer, Tianjin will establish and perfect its socioeconomic system. This will bring rather large competitive power to Tianjin in the international market and will form an

economic structure and mechanisms which operate according to international conventions and are conducive to the linkage between the domestic market and the international market. Tianjin will gradually build into a financial, commercial, and trade center in north China; an advanced comprehensive industrial base; and a modern international port city linked to China's north-east, north, and northwest regions and oriented to Northeast Asia.

The document pointed out the need to raise the degree of openness at this opportune moment and expand the scope of opening. The area of the bonded zone should be enlarged according to the established plan; its functions should be further improved; and the rules and regulations and the management and service systems there should be perfected in light of international practice. The economic and technological development zone should adopt various development forms, raise the speed of development, increase the number of key enterprises, and sustain high-speed development. The new-technology industrial estate should become an incubator for new- and high- technology industries in Tianjin and should promote the formation and development of new- and high-technology industries.

The municipal government also encouraged state-owned industrial enterprises, especially large and medium backbone enterprises, to conduct technological transformation by means of wholly or partially putting their assets into a joint venture or other cooperation projects with foreign investors. Land will be leased to foreign investors who plan to run high-tech or export-oriented projects or transform old enterprises. The foreign investors will enjoy favorable terms as regards land use fees and taxes. At present, Tianjin has delimited 57 stretches of land for lease and has begun the process of inviting investment tenders.

Northeast Region

Hunchun Given Provincial-Level Economic Authority

HK2506001592 Hong Kong TA KUNG PAO in Chinese
24 Jun 92 p 36

[Report: "Hunchun City Has Been Given Provincial-Level Economic Authority"]

[Text] Sang Fengwen, secretary general of the Hunchun City Government [title as published] in Jilin Province, announced at a reception held by the city government yesterday in Hong Kong that the State Council recently approved the step of including Hunchun City in the first batch of four border cities opening up to the outside world. This is a major strategic step which China is taking to extend openness from coastal areas to border areas. This step has attracted worldwide attention. Since last year, the UN Development Program has held four separate conferences in Ulaanbaatar, Pyongyang, Seoul, and Beijing to study the development strategy in the Tumen Jiang Delta. It was planned to raise \$30 billion

over a period of 20 years to develop the Tumen Jiang area and turn it into the future Hong Kong or Singapore of northeast Asia.

Sang Fengwen said: The Jilin Provincial Government has decided to give Hunchun City provincial-level authority for economic management. As a result, Hunchun City's economic and social development plans and border trade plans will be independent from the provincial plans [dan lie 0830 0441]; the city will have the authority to examine and approve investment projects valued at less than \$10 million; and the city will have the authority to decide the form, quantity, and period of enterprise employment and to approve the use, lease, and transfer of farmland with an area of less than 1,000 mu or noncultivated land with an area of less than 2,000 mu.

He pointed out: To accelerate Hunchun's opening and development and create an investment environment in keeping with international practice, during the Seventh Five-Year Plan, the state invested over 1 billion yuan to reinforce such infrastructural facilities as energy production, communications, and transportation in Hunchun. Hunchun Coal Mine, with an annual production capacity of 4.05 million tons, and Hunchun Power Station, with a generating capacity of 1.4 million kilowatts, have been put into operation; a 120-line microwave network has been installed and put into operation; a 61-km second-class highway between Hunchun and Tumen has been built and opened to traffic; a railway line is being laid; the Hunchun port, with a handling capacity of 300,000 tonnes, has begun to handle cargo shipped to and from Russia; a protocol on railway linkage has been signed with Russia; and the distance between Hunchun and Yanji Airport is about 115 km, the two places being linked by a smooth highway making it easy to travel between the airport and the city. Last year, the city received more than 100 foreign visitor groups and delegations comprising over 1,000 people. The border trade with Russia and Korea is very brisk. Last year, the total import and export volume reached 290 million yuan, double that of the year before. The city will soon begin to organize a four-day tour to Russia. The construction of the fair market, the bonded warehouse, and the bonded factory for cross-border trade is being prepared.

Guests attending yesterday's reception included Zhu Yucheng, secretary general of XINHUA Hong Kong Branch; Sang Fengwen, secretary general of the Jilin Provincial People's Government [title as published]; Chou Chuanru, vice chairman of the Hong Kong Chinese Enterprise Association; Liang Chin-jung, chairman of the Hong Kong Chinese Manufacturers' Federation; Wong Yu-hong, vice chairman of the Hong Kong Chinese Chamber of Commerce; Cao Jinlun, deputy director of the Hong Kong and Macao Management Office of the Bank of China; Wang Jingwu, executive vice president of Zhengda Group; Gao Sen, deputy president of Everbright Industrial Corporation; and Shan Yiping, chairman and general manager of the Hong Kong Zhongji Co. Ltd..

Liaoning Minority Economies Steadily Increasing

OW2506101492 Beijing XINHUA in English
0856 GMT 25 Jun 92

[Text] Shenyang, June 25 (XINHUA)—Northeast China's Liaoning Province has taken a series of measures in recent years to promote economic construction in the minority nationality areas.

At present, the province has 2,229 primary and junior middle schools in the areas and two schools which are special for teacher training for minority nationalities.

The province has opened nationality courses in the Jinzhou hospital and Liaoning University in order to further train talents for minority nationalities and improve scientific and cultural levels in the areas.

Development of science, technology and education has promoted the local economic development. At present, the traditional agriculture in the minority nationality areas is becoming modernized agriculture and local industry has been also greatly upgraded.

According to statistics, last year, the total industrial and agricultural output value in 10 autonomous counties reached 7.622 billion yuan, 119.6 percent higher than 1985, and per capita income for farmers reached 589 yuan, 2.8 times that of 1985.

Liaoning Economic Management Reform Forum Ends

SK2506095792 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 23 Jun 92

[Text] The two-day forum on the reform of the economic management system of county-level governments ended in Liaoyang County on 23 June. Leading comrades of nine cities and 15 districts exchanged views and conducted a warm discussion on the reform of the economic management system of county-level governments and

also defined the general ideology for future reform of the economic management system of county-level governments.

Comrade Xiao Zuofu made a speech at the forum. He pointed out: Since 1984, our province has achieved marked results in comprehensive county-level reform. According to incomplete statistics, some 200 government organs in various localities have been removed, merged, or transferred to others, and some 3,000 government functionaries have been cut down. Some counties in the province still have the problems of having a forest of organs, having too many staffers, having overly heavy financial burdens, and lacking vitality in functions.

Comrade Xiao Zuofu said: The general ideology for the reform of the economic management system of county-level governments is to establish a rural economic operational mechanism which combines plans with market demands, with the market-oriented economy as the major form. The purpose of this reform is to strengthen the vitality of the county and township economy and develop the urban and rural commodity economy. The emphasis of this reform is to rationalize the economic management system. The major content of this reform is to change government functions. In carrying out this reform, we should make a breakthrough in streamlining organs. In addition, this reform should be aimed at reducing the size of governments and expanding the service of governments to promote the simultaneous development of the rural economy and society.

Comrade Xiao Zuofu pointed out: To ensure the smooth progress of the experiment with the reform of the county-level economic management system, the provincial government has formulated 10 policies to encourage various counties to try the reform boldly. All forms and methods may be allowed as long as they are conducive to the development of the rural commodity economy, to making peasants better off, and to changing the functions of governments.

'Rapid Growth' in Cross-Strait Economic Ties

HK1606003092 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 22, 1 Jun 92 pp 22-23

[Article by Jiang Lingzhi (1203 3781 5347): "New Turning Point of Cross-Strait Economic, Trade Relations"]

[Text] Cross-strait economic and trade relations have now entered a new period of rapid growth. The major change in investment by Taiwan businessmen and direct involvement by large and public enterprises indicate the characteristics of the new change in cross-strait economic and trade relations. Rather worried about such a change, the Taiwan authorities have adopted the measures of both "relaxation" and "control" in a bid to gain the "initiative" in cross-strait economy and trade, and hinder the progress of "three establishments" [establishment of mail, trade, and air and shipping services]. Nevertheless, the trend of the in-depth development of cross-strait economic and trade relations will be irresistible and there will continue to be certain breakthroughs.

New Vitality in Development of Cross-Strait Economic and Trade Relations

Cross-strait economic and trade relations have developed rapidly in recent years. The volume of trade between the two sides via Hong Kong reached \$5.79 billion last year (the actual figure is \$7.5 billion according to the Hong Kong press), a 43.3 percent increase over the previous year. There are now 3,000 Taiwan-invested enterprises and the agreed investment total is \$3 billion, a 29-fold increase over 1987 when the "ban was lifted." With the expansion of the scope and quantity of trade, cross-strait economic and trade relations have gradually broken through the Taiwan authorities' current economic and trade policies toward the mainland and presented the following new characteristics:

First, breakthroughs in the ban which limit economy and trade to the "nongovernmental" and "indirect" fields. The Taiwan authorities' current economic and trade policies are aimed at limiting cross-strait economic and trade activities to the "nongovernmental" and "indirect" fields and prohibiting participation by large enterprises. However, there have been some breakthroughs in the restrictions in this field: 1. Taiwan's public enterprises can openly take part in cross-strait economic and trade activities. Taiwan public opinion holds that this will erect "a bridge of public enterprises engaging in indirect cross-strait trade." 2. Businessmen from both sides have started to engage in direct talks on investment. Through contacts between the commercial coordination organizations from both sides, a number of Taiwan investors will come to the mainland to directly carry out exchanges and hold talks on investment with 64 manufactures of eight trades in Jiangsu. And, 3. A number of large enterprise groups have invested, or plan to invest, in the mainland. Since the latter half of last year, Taiwan investors started "a third investment craze on the mainland," in which large enterprises "began to show their ability" and gradually played a leading role.

Second, investment activities developed in depth and breadth. The current major change effected in Taiwan's investment in the mainland has promoted the "mutually supplementary and cooperative" economy across the strait to a deeper and wider extent: 1. In investment means, Taiwan investors have changed their strategy from "running around" to "taking root" and from "processing materials and compensation trade" to establishing "three kinds of enterprises" [overseas-funded enterprises, joint ventures, and cooperative enterprises]. Many manufacturers have extended the term of their investment to 50-70 years. For management convenience, the medium and small enterprises prefer "exclusive overseas investment." The large enterprises are inclined to "joint ventures or cooperative enterprises," and particularly to cooperating with the properly run state enterprises so that they can change their operations from simple processing to developing the mainland market. 2. Investment has expanded from simple processing industry to various fields of the three major industries. In the secondary industry, investment by Taiwan businessmen is upgrading from labor-intensive to capital- and technology-intensive trades. A number of computer, electronics, and automobile manufacturers are trying to break through the restriction imposed by the authorities and invest in the mainland. Investment in the tertiary industry has also developed rapidly. A "stock craze" has followed the "property craze" launched by Taiwan investors on the mainland. In addition, beauty parlors, hair salons, and other service trades have been established which will be followed by large solicitors and financial offices. 3. Regarding the investment area, the trend is extending to the interior provinces and cities including Beijing, Shanghai, and Shenyang. 4. In the scope of investment, most of the Taiwan investors came to China alone in the past. There is now a phenomenon of "collective cooperation" or "moving of the whole trade." For example, Wang Yongqing, director of the Taiwan Plastic Enterprise, plans to lead the medium and small petrochemical manufacturers to Xiamen or the Zhu Jiang delta to set up a processing industrial zone. The medium and small lamps manufacturers have also planned to collectively make investment in the mainland. 5. In the forms of organization, the manufacturers which have invested in the mainland have established a "Federation of Taiwan Investors" to strengthen mutual coordination and cooperation.

Third, mutually complementary cooperation in the science and technology field is upgraded. Cross-strait scientific and technological exchanges are mutually complementary. For example, the introduction of Taiwan agrotechniques and processing and management know-how has made up the mainland's deficiency while the Taiwan manufacturers can benefit in software and precision designing from the mainland's intermediate and high-tech personnel. In the course of this process, the stress of Taiwan investors has been shifted from using "cheap labor" to "scientific and technological personnel." As a result, Beijing, Shanghai, Jiangsu, Shandong, Sichuan, Liaoning, Hubei, and Hunan, which have big research

institutes and large numbers of qualified personnel, have become the focus of Taiwan investment. Cross-strait scientific and technological exchanges are now developed in a "high and deep" direction. On the one hand, exchanges between scholars at the high levels have increased; and on the other hand, cross-strait scientific and technological cooperation is becoming more practical. In March this year, Liu Taiying, "director of the Taiwan Economic Research Institute," came to the mainland for a meeting. After his return, he proposed 16 cross-strait scientific and technological cooperation projects. The Taiwan authorities attached importance to his proposal and made feasible studies.

Fourth, remarkable changes in the commodity structure of two-way trade. The increase in investment has changed the structure of commodities exchanged between the two sides. The goods delivered from Taiwan to the mainland changed gradually from labor-intensive products to plastic raw materials, electric appliances, machines, and equipment while the goods from the mainland to Taiwan also changed from agricultural and industrial raw materials and local products to products with additional value.

Social Background Against Abrupt Growth in Cross-Strait Economy, Trade

There are the following major reasons for the rapid growth in cross-strait economy and trade in recent years:

First, the mainland's policy of further reform and opening up has offered Taiwan investors the possibility to effect a change, which is mainly indicated by the following: 1. The establishment and opening of stock and securities market has enabled Taiwan investors to participate in key construction projects on the mainland and has also created conditions for remittance across the strait. 2. When Deng Xiaoping's talks made during his southern trip were issued, Taiwan investors further enhanced their confidence in the mainland's economic prospects and realized that "the future of enterprises lies on the mainland."

Second, the increasing demand for "three establishments" by the industrial and commercial circles on the island has become the essential motivating power promoting in-depth development of cross-strait economic and trade relations. Recently, Taiwan investors have changed their appeal for the "three establishments" into action. For example, many manufacturers have purchased properties or set up factories in Taichung to prepare for the "three establishments" in the future. This situation of "preserving strength for launching a new drive" constitutes a new pressure and challenge to the Taiwan authorities' mainland economic and trade policy.

Third, the Taiwan authorities' relaxed policies also constitute a factor of the rapid development in cross-strait economic and trade relations. With the increase in cross-strait economic and trade activities, on the one hand, the Taiwan authorities have adopted standard measures and made efforts to bring Taiwan businessmen's investment

and trade activities onto the track of their policies; and on the other hand, they readjusted and relaxed policies at an appropriate moment, creating conditions for the investors. The Taiwan authorities recently lifted the restrictions on the import of 60 kinds of semifinished products from the mainland, around 300 percent of the past; and also lifted the restrictions on 58 kinds of direct investment in the mainland, bringing the number of indirect investment items to 3,737. Meanwhile, Taiwan's relevant departments are working out ways for import and export of cross-strait high science and technology, thus preparing for the open policy at the next stage. Following the promulgation of the "Regulations for Cross-Strait Relations," the Taiwan authorities indicated that new measures will be introduced to further promote cross-strait economy and trade.

The Taiwan authorities' cross-strait economic and trade policy has been more flexible and relaxed than before because of the following:

First, seeking practical benefits from cross-strait economy and trade. Taiwan's "Economic Department" recently entrusted academic circles to conduct a survey of the current status of cross-strait economic and trade relations. The survey indicated that "in Taiwan's economy as a whole, the advantages of allowing Taiwan investors to indirectly invest in the mainland outweigh the disadvantages." The production cost of Taiwan investors on the mainland is one-fourth lower than that in Taiwan and the average interest rate on investment is around 13 percent, far higher than the 6 percent profit rate for manufacturers on the island. In the political field, the Kuomintang [KMT] is confronted with many thorny issues in the ongoing "second stage constitutional reform" on the island. By duly promoting cross-strait economic and trade relations, the KMT can meet the industrial and commercial circles' increasing demand for expanding the economy and trade with the mainland and attain the target of "internal stability" as well as appropriately ease ties with the mainland and create a suitable external environment for the "constitutional reform."

Second, create conditions for seeking "space for subsistence in the world." At a time when the world's economic order is undergoing reorganization, the Taiwan authorities know that the mainland's rising status in the Asia-Pacific region constitutes a stern challenge to Taiwan. If Taiwan hesitates in the face of an increasing number of countries vying with one another to develop economic and trade relations with the mainland, it will not only lose the opportunity economically but it also will be isolated in the international community. It should be particularly noted that Taiwan intended to join the GATT long ago. However, "open economic policy" is one of the necessary conditions for joining the GATT. If Taiwan fails to duly expand its economic and trade relations with the mainland, it will be an "obstacle to joining the GATT."

Third, enhance the "peaceful evolution" offensive against the mainland. To realize "peaceful evolution" on the mainland, the Taiwan authorities believe that changing the mainland's economic structure will be the only effective way. As the mainland is now accelerating the pace of its economic structural reform, it is the "best opportunity" for Taiwan to "infiltrate" the mainland. In view of such a consideration, the Taiwan authorities have recently proposed the "plan of advancing westward," that is, enabling "Taiwan experience to take root and blossom" by advancing westward, by first participating and developing the coastal areas in the mainland's southeast, and bringing about a change in the economic structure in these areas. Then they can step toward the north and gradually introduce the "free economic structure" to the whole of the mainland.

Breakthrough in Cross-Strait Economic and Trade Relations in Certain Fields Likely

It is likely that breakthroughs can be made in certain aspects of cross-strait economic and trade relations. Because of the Taiwan authorities' cross-strait economic and trade policy, it will be impossible to thoroughly break through the "nongovernmental" and "indirect" bounds and comprehensively realize the "three establishments."

The Taiwan authorities' current mentality is: They want to seek benefits from the cross-strait economy trade but are also worried about the "negative effect"; and they want to duly speed up the pace but are afraid of "more haste less speed" and "becoming the victim." They hold that: First, the "three establishments" is but a means applied by the mainland. The basic policy of reunification with Taiwan has not changed nor has the mainland given up its attempt to "resort to force to liberate Taiwan." Under such circumstances, if cross-strait economic and trade relations are expanded, Taiwan will lose its bargaining chips in a political deal with the mainland. In addition, it will be convenient for the mainland to carry out its united front policy against Taiwan, which will endanger Taiwan's "security." Second, although Taiwan has developed rapidly in economic terms, it cannot extricate itself from the limitation of a small island economy. Although the mainland is economically backward, it has an influential "large economy" with great potential. If Taiwan too quickly realizes the "three establishments" altogether without ample preparations, the situation of "excessively depending" on the mainland's economy may happen. As a result, Taiwan's economic situation will be dependent on the mainland's economy and even be checked by the mainland. At the same time, the sharp increase in Taiwan enterprises' direct investment in the mainland is likely to accelerate the flow of Taiwan's industries, capital, and technology into the mainland, resulting in a "vacuum" in the island's industry and decline in competitiveness. Proceeding from these deep-rooted "worries" and in consideration of the fundamental interest of "Taiwan security," the Taiwan authorities will not take "big action" within the near future or hastily lift the restrictions on

economy and trade with the mainland. They will try by every means to obstruct the realization of the "three establishments."

It is estimated that the Taiwan authorities' policy this year will focus on: First, upholding the principle of "mutual benefit and supplement, stability and security, and complementing each other," give "guidance" to the manufacturers investing in the mainland, and explore ways to protect the Taiwan investors' legitimate rights on the mainland. Second, realize "conformity" of the Taiwan investors on the mainland through organizing a "Federation of Taiwan Investors" and strengthen control and coordination over Taiwan investors' economic activities on the mainland. Third, vigorously promote cross-strait scientific and technological cooperation and strive to make some breakthroughs. Hence, proceeding from the objective of the future realization of "three establishments," the Taiwan authorities will continue to take "small steps" on their own "initiative" and "gradually" lift the restrictions "by stages" in the fields "favorable" to themselves. As a result, it is likely that new breakthroughs in cross-strait economic and trade relations will be made first in partial fields "favorable to Taiwan."

Development of Cross-Strait Relations Encouraged

HK2506001692 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 24, 15 Jun 92 pp 24, 25

[Article by Jiang Dianming (1203 3013 6900) and Liu Yingxian (0491 2503 0103): "Promote Further Development of Cross-Strait Economic, Trade Relations by Adhering to Principle of Being Practical"]

[Text] Since May, Taiwan personalities, including Chao Yao-tung and Wu Ta-yu, have visited the mainland to make people see the good tendency in cross-strait high-level exchanges. Under such circumstances, more and more people with broad vision ponder the issue of how to promote the development of cross-strait economic and trade relations. These writers maintain that in considering the issue of how to enhance cross-strait economic and trade exchanges and cooperation, it is necessary to face the present state of cross-strait relations squarely and to satisfy both sides' economic needs as far as possible.

Cross-Strait Economic, Trade Exchanges and Cooperation Should Be Open

As the two sides of the straits have economic interests that cannot be neglected, in the Asia-Pacific region, cross-strait economic and trade exchanges and cooperation will surely produce certain effects on the Asia-Pacific region and draw the attention of the relevant countries and regions. This requires that we: attach importance to cross-strait economic development; give consideration to Asia-Pacific economic interests; observe relevant agreements and regulations of the Asia-Pacific economic organizations; and that we adhere to the principle that "regional economic cooperation must

be mutually open, not only to all members in the region but also to countries and regions outside the region." It is, therefore, advisable to adhere to the principle of being practical in cross-strait economic and trade cooperation and we are not eager to organize a "ring" or a "bloc," to avoid the relevant countries' and regions' misunderstanding and vigilance as well as the unnecessary frictions and losses caused.

Establish Cross-Strait Depoliticized Economic, Trade Coordination Organs

Over a long period of time, due to the factor of the policies of the Taiwan authorities, cross-strait economic and trade exchanges have only been carried on in their present indirect form. This has caused some unnecessary losses of economic interests to both sides. In considering further strengthening of cross-strait economic and trade exchanges and cooperation, it is imperative to improve this situation. In view of the fact that a breakthrough in cross-strait political relations can hardly be made in a short period and that economic exchanges and cooperation are so urgently needed, we can consider establishing an organ responsible for economic relations and trade that is officially recognized by both sides, to be responsible for the organization and coordination of cross-strait economic and trade exchanges and cooperation. For example, we must adopt a form of contact with an economic unit as a principal body. That is to say, the two sides of the strait contact each other using the names under which they would join GATT because, by that time, a designated name mutually recognized by both sides and acceptable to the international community will have appeared. Furthermore, it would be the name of the principal body of an economic unit and it could temper the political coloring and evade the politically sensitive issues and perplexities this brings about. Before the two sides join the GATT, for the time being and to avoid disputes on account of the issue over the name, we can consider having dealings with each other in the form of a trade council. For instance, Taiwan Textile Association may hold talks and consultations with mainland textile circles or certain provinces, regions, or development zones on matters relevant to Taiwan textile manufacturers making investments in mainland mills. This form is feasible. For example, although no political obstacles similar to the cross-strait relations exist in the economic and trade relations between Hong Kong and the mainland, because Hong Kong's British authorities pursue a free economic policy of "noninterference," when Hong Kong manufacturers come into contact with the mainland, proprietors and trade councils have dealings with the relevant departments or regions on the mainland without going through the medium of the Hong Kong British authorities. Practice proves this method is effective and the two sides of the straits should draw on this experience in handling their economic and trade relations.

Enhance One-Sided Cooperation to Comprehensive Cooperation

The value of cross-strait economic and trade exchanges and cooperation should consist of mutual exchanges of needed goods, mutual assistance, and mutual benefit. In view of this, we need to understand what each other's economic policies, strategies, and current pressing matters are and should not consider only one-sided interests. Frankly speaking, Taiwan has considered more of its own interests in cross-strait economic and trade exchanges and cooperation during the last 10 years or more and this is conspicuously reflected in the fact that Taiwan has turned a blind eye to the mainland's policies of economic development and its current economic state, regarding the mainland as a base of eliminated setting sun industries [tao tai xi yang chan ye 3221 3077 1119 7122 3934 2814]. Furthermore, Taiwan has also theoretically announced that in the light of the principle of comparative advantages, the mainland region seems to be more suitable for the development of labor-intensive industries while Taiwan is suitable for the development of capital- or technology-intensive industries and a vertical structure of division of labor must be adopted in cross-strait economic cooperation.

Such a theory and practice are based on a lack of comprehensive understanding, or a misunderstanding, of the state of the mainland's economic development, namely an incorrect appraisal of the discrepancies between the standards of the economic development of the two sides of the straits. In addition, the form of vertical division of labor is being discarded even in economic cooperation between developed countries and regions and nondeveloped countries and regions. Taiwan should deeply understand whether the advantages of this form are greater than its disadvantages or the other way around, because the problems existing in Taiwan-Japan economic relations are the most vigorous illustrations. The tendency of a very apparent change in the Asia-Pacific economy since the second half of the 1980's is that—given the development of information and the acceleration of the circulation of capital and technologies—the economic relations between developed countries and regions and nondeveloped countries and regions have gradually changed from unilateral reliance to mutual reliance for existence; the tendency of vertical division of labor is abating, and horizontal division of labor is becoming a tendency of development. For example, in the economic cooperation between Japan and Southeast Asian countries, and between Asia's "four little dragons" and mainland China, technologies no longer transfer from the top to the bottom and mutual cooperation has been enhanced in some realms of high science and technology. The theory of designating cross-strait economic and trade cooperation as "vertical division of labor" does not conform to the Asia-Pacific economic trend and, at the same time, it lags behind the reality of cross-strait economic and trade cooperation. For instance, one of the tendencies of change in Taiwan businessmen's investments in the mainland is that the stratum of industries in

which investments are made has developed from labor-intensive industries to capital- and technology-intensive ones. Moreover, the discrepancies between the standards of economic development of Taiwan and the mainland are not a general notion of a developed region and a nondeveloped region. Taiwan is devoted to the escalation of its industries by changing its labor-intensive industries to capital-intensive ones whereas the mainland is also vigorously readjusting its industry mix and developing its high science and technology industries in order to further promote its economic development. Both are, on the whole, at a similar stage of economic readjustment and neither has a reason or the ability to place the other one under itself and to make the other one take over its own setting sun industries; otherwise, that is a sort of one-sided cooperation with unilateral interests as the dominant factor. If such a one-sided mindset is not first removed, cross-strait economic and trade exchanges will certainly lack stamina. Of course, we do not exclude exchanges and cooperation in the aspect of labor-intensive industries and, actually, there is plenty of room for cooperation in this aspect because the mainland has a vast territory, the unevenness of regional economic development is very great, and the so-called "setting sun industries" are still suitable for certain regions. Meanwhile, we must also see that the two sides of the straits have their own strong and weak points in new and developing industries and in the realms of high science and technology research, industrial production, and development, and that there are very great prospects for exchanges and cooperation. Only by carrying on low- and high-level comprehensive exchanges and cooperation can we really embody mutual assistance and mutual supplementing to open vast vistas for cross-strait economic and trade cooperation.

Change Spontaneous, Loose Cooperation to Cooperation With an Aim

Up to the present, most Taiwan businessmen have made investments in the mainland in a spontaneous and loose way and very few investments have been aimed at the mainland's economic development. For various objective reasons, Taiwan has been unable to make good use of the mainland's economic, scientific, and technological superiority to serve its development objective. If we can reach a consensus in the comprehensive development of cross-strait economic and trade exchanges and cooperation, it is possible that cross-strait economic and trade cooperation can be carried out with an aim in mind and some problems that both sides urgently need to solve can really be solved. Taiwan's current central task of economic development is to carry out its "six-year plan" and to use this to nurture its industrial escalation and further economic development. However, Taiwan is facing many difficulties, the comparatively salient one being the shortage of science and technology forces and labor forces. It is estimated that from 1990 to 2000, Taiwan can only meet 70 percent of the needs of the engineers and technicians and is about 800,000 junior laborers and technicians short in carrying out its "six-year plan." When we look back at the mainland, with a view to further deepening reform and opening up and quickening the pace of economic development, the relatively important task of the mainland's economic construction in the 1990's is to build Shanghai's Pudong Development Zone and Hainan's Yangpu Development Zone and to set up a number of high science and technology industrial areas and districts. Therefore, as long as we proceed from the principle of being practical, learn from each other's strong points to offset each other's weaknesses, and draw support from the superiority of the other, we can undoubtedly promote the common development of both sides.

S. African Leaders Urged To Save Negotiations*OW2406150992 Taipei CNA in English
1425 GMT 24 Jun 92*

[Text] Johannesburg, June 23 (CNA)—The Republic of China [ROC] Embassy in Pretoria Tuesday issued a statement urging South African political leaders to save the negotiations process.

The embassy also announced it had donated, on behalf of the ROC Government, 700,000 rand (about U.S.\$250,000) to the International Committee of the Red Cross to aid the victims of violence in South Africa, including those who suffered from the tragedy in Boipatong last week.

"Nobody wins, and South Africa loses, if the recent happenings should derail the Codesa (Convention for a Democratic South Africa) process and delay negotiations toward a new constitution," the statement said.

"The Chinese people on Taiwan, like people everywhere else in the world, are shocked by the senseless killing of innocent persons in the black townships," it added.

"The embassy expresses the hope that all parties will renew their pledge to the national peace accord, resolve their differences over the deadlock in Codesa, and strive to bring about satisfactory arrangements for a transitional government in accordance with the fervent desire of all South Africans," the statement said.

Taipei To Establish Representation in Russia*OW2506114292 Taipei CNA in English
0743 GMT 25 Jun 92*

[Text] Taipei, June 25 (CNA)—The Republic of China Government plans to set up a representative office in Russia in three months, Foreign Affairs Minister Chien Fu said Wednesday.

He told the press that Vice Foreign Minister Chang Hsiao-yen met with Russian leaders in Moscow in April. They noted the economic potential of the two countries and the need to establish unofficial and non-profit organizations to promote cultural, technological, and educational relations between the two countries, he said.

Chien also told the press that Taiwan and Russia have not made any contact for arms deals.

Russian Government Approves Officers' Visit*OW2506104192 Taipei CNA in English
0741 GMT 25 Jun 92*

[Text] Taipei, June 25 (CNA)—The current visit here of two senior Russian military officers and two journalists has been approved by the Russian Defense Ministry, their host emphasized Wednesday.

Wego Chiang, chairman of the Society for Strategic Studies, was commenting on a XINHUA NEWS

AGENCY dispatch from Moscow that reports of the visit by Admiral Vladimir Sidorov were "speculative and groundless."

Replying to media questions, Chiang stressed that his guests and himself are soldiers who do things cautiously, and that they think it beneath their dignity to do speculative and false things.

He pointed out that President Li Teng-hui had learned of the society's invitation to the four Russian dignitaries and welcomed their visit here.

The XINHUA report said the Russian Government denied that a retired Navy admiral was visiting Taiwan, but it was later changed into "Russian officials reiterated no official contacts with Taiwan."

Russian Admiral Sidorov Predicts Stronger Ties*OW2506113092 Taipei CNA in English
0801 GMT 25 Jun 92*

[Text] Taipei, June 25 (CNA)—Large-scale wars are unlikely to break out in the future because of cooperation among all peace-loving countries of the world, visiting Russian Admiral Vladimir Sidorov said Wednesday.

Sidorov, on a seven-day visit here along with three colleagues, forecast that Russia's relations with the Republic of China on Taiwan will be strengthened in the near future.

Speaking on maritime power and global strategy, the admiral said the guiding strategic principle of the former Soviet Union was to build a military force to defend its territories.

The policy goals for Russia now are "disarmament, market economy, and contribution to world peace," he told an audience of over 100 at the Chung Shan Club in Taipei.

The former deputy commander-in-chief of the Soviet Navy pointed out that the Commonwealth of Independent States (CIS) does not have a global strategy and is not planning to design one.

The CIS countries hope to establish good relations with all peace-loving countries, to increase exchanges with them in order to promote understanding and cooperation, and to contribute to world peace, said Sidorov.

Sidorov, who had also been the commander of the Soviet Pacific Fleet, noted that it does not require big armed forces to maintain world peace.

He opined that the best strategy for a country is to maintain not-too-big armed forces, to develop a mobile striking force, and to build peace-keeping troops under the auspices of the United Nations Security Council.

The Republic of China on Taiwan, which has implemented Dr. Sun Yat-sen and President Chiang Kai-shek's ideas, has made economic and political achievements beyond the comparison of Mainland China, which followed a totally different policy line designed by Mao Zedong, Sidorov observed.

Unfortunately, he continued, the hardline communists of the former Soviet Union have also driven their country into a suffering hell. "This is why the CIS republics have discarded communism," he said.

Earlier in the day, Sidorov, Rear Admiral Anatoliy Shtyrov and their two colleagues called on Admiral Soong Chang-chih and General Wego Chiang, honorary chairman and chairman of the Society for Strategic Studies.

The four Russian dignitaries also visited the Defense Ministry Wednesday.

This morning, they proceeded to Kaoshiung, southern Taiwan, to visit the China Shipbuilding Corp. and to observe the ship-breaking industry.

Survey Shows Businessmen Harassed in Malaysia

*OW2506114392 Taipei CNA in English
0745 GMT 25 Jun 92*

[Text] Taipei, June 25 (CNA)—Nearly 40 percent of Taiwan investors in Malaysia have been harassed in various ways, a survey showed.

The survey, made by the Association of Taiwan Investors in Malaysia earlier this month, found that Malaysian gangsters have extorted money from 33 percent of the association's 257 member companies.

Twenty-three percent of them have been intimidated and 20 percent of them stolen [as received]. The investors also suffered from assault, robbery, and swindling, the survey showed.

There are some 600 Taiwan companies in Malaysia, but only 257 of them have joined the association.

Businessmen, Scholars, Others To Visit Mainland

*OW2506114092 Taipei CNA in English
0738 GMT 25 Jun 92*

[Text] Taipei, June 25 (CNA)—A 20-member Taiwan mission consisting of businessmen, scholars, and legislators will leave for the Chinese Mainland Saturday for a 10-day private visit at the invitation of Peking's Association for Relations Across the Taiwan Straits (ARATS).

National assemblyman Chu Hsin-min said Wednesday that members of the commercial and academic mission will meet with ARATS officials to improve mutual understanding and exchange views on how to enhance trade and cultural relations between the two sides of the Taiwan Straits.

ARATS was established last year in Peking to take care of non-governmental relations with Taiwan.

Hong Kong

Foreign Ministry Spokesman Comments on Hong Kong

Killed Version

OW2406145592 Beijing XINHUA Domestic Service
in Chinese 0747 GMT 24 Jun 92

[Beijing XINHUA Domestic Service in Chinese at 1326 GMT on 24 June transmits a service message cancelling the following report]

[Text] Beijing, 24 June (XINHUA)—A reporter asked: Britain is dissatisfied with Ambassador Guo Fengmin's comments on the Hong Kong issue. What is your comment?

The spokesman replied: According to the relevant provisions of the "Sino-British Joint Declaration," China's senior representative in the Sino-British Joint Liaison Group has both the right and responsibility to state China's positions on matters relating to the smooth transfer of government during the transitional period in Hong Kong.

Replacement Version

OW2406150192 Beijing XINHUA Domestic Service
in Chinese 1326 GMT 24 Jun 92

[The following is the XINHUA replacement version of the previous item]

[Text] Beijing, 24 June (XINHUA)—At a reporter's request to comment on Britain's dissatisfaction with Ambassador Guo Fengmin's comments on the Hong Kong issue, a Foreign Ministry spokesman said today: According to the relevant provisions of the "Sino-British Joint Declaration," China's senior representative in the Sino-British Joint Liaison Group has both the right and responsibility to state China's positions on matters relating to the smooth transfer of government during the transitional period in Hong Kong.

Legco 'Narrowly' Defeats Call for More Democracy

HK2506033892 Hong Kong SOUTH CHINA
MORNING POST in English 25 Jun 92 pp 1, 7

[By Fanny Wong]

[Text] A liberal call for greater democracy was narrowly defeated last night in the Legislative Council [Legco], with members instead backing a "watered-down" motion urging Britain to reach an early decision on the chamber's make-up for the 1995 election.

Led by Legco's conservative camp, legislators narrowly defeated a motion by Mr Jimmy McGregor by a vote of 24 to 22 that called on China and Britain to accept the 1989 Omelco [Office of the Members of the Executive and Legislative Councils] consensus that backed direct elections for 30 seats in Legco by 1995.

Legislators then voted 25 to 23 in support of a neutral amendment proposed by conservative legislator, Mr Ngai Shiu-kit, which did not commit Britain to any timetable on how many directly elected members there should be in 1995.

Instead the amendment simply urged Britain to reach an early decision on matters relating to the 1995 elections without reference to the Omelco consensus.

Mr Ngai's amendment also urged Britain to seek China's support on 1995 electoral arrangements for a smooth political transition system before and after 1997.

Mr Ngai said Mr McGregor had neglected political reality and that the situation had changed so that the Omelco consensus was now outdated. The consensus was taken following the June 4 Beijing massacre when confidence was shattered.

Mr Ngai said it was reached at a time of crisis, but Hong Kong had now restored its confidence in China.

"The political reality we are now facing is the return of the territory's sovereignty to China in 1997 as stipulated in the Joint Declaration," said Mr Ngai, who insisted that his amendment to Mr McGregor's motion was meaningful.

Opening the debate, Mr McGregor said he was sure Britain would carry out its pledge to approach China at an appropriate time to seek an improved rate of democratic development.

"The approach must obviously be made within the next few months in order to ensure that any changes agreed, or to be unilaterally introduced, can be carried out without administrative confusion.

"We are all aware of the sensitivity of this most important issue. We all recognized that we are not masters of our own destiny," he said.

The 25 who voted in support of the watered-down motion were led by the conservative Cooperative Resources Centre (CRC) while the 23 who voted against were led by the United Democrats. Six legislators abstained including the three ex officio members.

Speaking against Mr McGregor's motion during the three-hour debate, CRC member and legislator, Mrs Selina Chow Liang Shuk-ye, said: "To lead Hong Kong into a campaign which not only has no chance whatsoever of winning but might in all probability backfire is at best foolhardy and at worst recklessly irresponsible."

Mrs Chow said that Mr McGregor's motion forced the issue of 30 directly elected seats for 1995 on all legislators without consideration of the likely consequences of such a stand.

The CRC members said the Omelco consensus was a matter of the past and it was not possible to amend the Basic Law.

The Democrats, however, said a democratic political system would guarantee the success of "Hong Kong."

Winding up the debate, the acting Secretary for Constitutional Affairs, Mr Peter Lai Hing-ling, quoted the British Foreign Secretary, Mr Douglas Hurd, as saying that Britain would approach China on the subject when the time was right and the new Governor, Mr Chris Patten, would not want to rush to a conclusion.

"The administration believes there is no need to rush into a conclusion on this important matter and the ex officio members of the council will abstain on both the motion and the amendment," said Mr Lai.

Despite the defeat, Mr McGregor still claimed victory after the debate.

"I think the vote is extremely close, it seems to me the British Government would be in something of a quandary if it wishes to decide on the basis of this vote which way the British Government itself should go," he said.

However, supporting the Omelco consensus, the United Democrats chairman, Mr Martin Lee Chu-ming, called for the Basic Law to be amended.

TA KUNG PAO Editorial on Exco Appointments

HK2506094392 Hong Kong TA KUNG PAO
in Chinese 25 Jun 92 p 2

[Editorial: "Hong Kong's Administration Must Conform With Joint Declaration"]

[Text] Ambassador Guo Fengmin, Chinese team leader of the Sino-British Joint Liaison Group [JLG], attended a news conference in Beijing last week, talked about several ideas on strengthening Sino-British cooperation in the second half of Hong Kong's transition period, and answered reporters' questions concerning Hong Kong's Executive Council. Guo Fengmin clearly explained the Chinese Government's position—that is, the appointment of Executive Council members should not jeopardize Hong Kong's stability, and the British side should now have clearly learned the position of the Chinese side. A Chinese Foreign Ministry spokesman yesterday pointed out that Ambassador Guo Fengmin's speech was to exercise the right and fulfill the duty of the JLG's Chinese team leader in accordance with the Joint Declaration. The Chinese Government has to make clear its resolute and unswerving position on this problem, and only by so doing can it ensure Hong Kong's stable transition, avoid disturbance, and safeguard the interests of the broad masses of Hong Kong residents.

Guo Fengmin's speech on the problem of Executive Council has been accorded with a great deal of importance by various circles in Hong Kong. Some persons in the society pointed out that recently, the saying that the Hong Kong Government will utilize the opportunity rising from the change of governors to make big political changes has run rampant, causing many guesses and

worries; Guo Fengmin promptly explained that those who oppose the Basic Law and openly propagate subversion of the legitimate Government of China should not be appointed to the Executive Council, and his speech can effectively check various kinds of interference and point to the track of continuous cooperation between the Chinese and British sides in accordance with the Joint Declaration. Some politicians think that there is nothing wrong about the Chinese Government expressing its view on the problem of the Executive Council, and that when the British side appoints Executive Council members it should seriously consider the Chinese view. Naturally, some individuals who from the beginning are opposed to the Basic Law and are antagonistic toward the Chinese Government, must express "regret" over Guo Fengmin's speech and swear vehemently. They are not worthy of being laughed at.

The answer by the Chinese Foreign Ministry spokesman yesterday was a response to the dissatisfaction expressed by Alastair Goodlad, British Foreign Office minister. According to information, last weekend, Goodlad summoned Ma Yuzhen, Chinese ambassador to Britain, to express his concern over Guo Fengmin's speech, and said it was not in accordance with the role of a representative to the JLG. Mr. Goodlad has not handled foreign and Hong Kong affairs for a long time, and it seems that he still has a lot to learn before he can thoroughly understand the contents and spirit of the Joint Declaration. The Joint Declaration stipulates that Britain is to be responsible for administering Hong Kong during the transition period, and that it must safeguard Hong Kong's prosperity and stability and ensure a smooth changeover of political power in 1997; for this reason, it is very important to match the situation with the Basic Law of the Hong Kong Special Administrative Region. In the past, the British Government has positively affirmed the Basic Law formulated by the Chinese Government. No sooner had Goodlad taken office than he made the speech on "amending the Basic Law" during his first visit to Hong Kong. The formulation and amendment of the Basic Law is completely a matter for China, and Goodlad's speech was an intervention in China's internal affairs. The response of the Chinese Government was quite polite, and it did not file a protest through diplomatic channels. It was Goodlad who once again gave a performance which contradicted Sino-British friendship and cooperation, and went so far as to confuse right and wrong in his unreasonable criticism against Guo Fengmin's speech.

In the British Government there should still be some people who know history, and they will know: Since the founding of New China, it has always been conditional for the British Government to be tolerated to maintain its interests and administration in Hong Kong, which is Chinese territory. In the past, Hong Kong has never been allowed to become a base for subversion of the Chinese Government or as a stronghold for anti-China activities by international forces of hegemony, and there has been necessary restraint and constraint. The reaching of the

Joint Declaration has also been conditional and not unconditional: Had both sides not proceeded from friendly cooperation and mutual concessions, the Hong Kong issue, which is a problem left over by history, could not have been settled by peaceful talks, and could have been settled by other means. At present, in the remaining five years of the transition period, the British Government will be responsible for administering Hong Kong, the Chinese Government will give support, and this is also conditional: that is, implementation of the Joint Declaration and matching the situation with the Basic Law. As we pointed out earlier, if the British side appoints the typical persons who oppose the Basic Law and openly propagate subversion of the Chinese Government to the Executive Council, then it can be predicted that the cooperative and consultative relations between China's State Council Hong Kong and Macao Affairs Office and other departments on the one side, and the Hong Kong Government on the other side, will stop.

Deng Xiaoping, the leader who commands the highest political prestige in China, said as early as in 1985 when the Basic Law was being drafted: "The policy of the central authorities is not to harm Hong Kong's interests, and it is hoped that in Hong Kong there will not be the affairs harming the state's and Hong Kong's interests." "If they take actions to change Hong Kong into a base opposing the mainland in the guise of 'democracy,' then what should we do? We cannot but intervene," he added.

The Chinese and British sides have common interests in Hong Kong, and beyond Hong Kong, in the wider international horizon, they have a broad scope for cooperation requiring common efforts. It is believed that the British leaders will proceed from the overall situation,

observe the Joint Declaration and attach importance to cooperative relations between the two countries and, concerning the appointment of Executive Council members, will not act stupidly, which can harm interests.

Hong Kong Official Stresses Mainland Familiarity

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[Text] Hong Kong, June 24 (XINHUA)—The Hong Kong Government believes that it is important for government departments to increase their familiarity with their counterparts on the mainland, said Hong Kong Chief Secretary David Ford in a written reply to a question in the Legislative Council today.

"We believe it best for the development of actual working contacts to proceed in a natural fashion, as operational needs dictate," Sir David said.

Areas in which these had expanded recently included cross-border policing, anti-corruption work, immigration and customs matters, he said.

He said that recent years had seen an increase in the amount of contacts between Hong Kong Government departments and their mainland counterparts, both in the central people's government in Beijing and in provincial governments, notably Guangdong.

So far this year, over 60 delegations from Hong Kong had traveled to the mainland.

In 1991, 152 delegations from Hong Kong traveled to the mainland, while 91 delegations came to Hong Kong from the mainland, the chief secretary said.

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